SGXNET Announcement

AEM Holdings Ltd
(Registration No. 200006417D)
Quarterly Financial Statements and Dividend Announcement
For Period Ended 30 June 2016

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1. Financial Statements
1(a)(i). Consolidated Income Statement

	Note	Quarterly Results			YTD Results		
		2Q2016 S$'000	2Q2015 S$'000	Change* %	1H2016 S$'000	1H2015 S$'000	Change* %
Revenue		17,108	11,322	51.1%	29,302	20,538	42.7%
Other income	A.1	45	88	-48.9%	126	554	-77.3%
		17,153	**11,410**	**50.3%**	**29,428**	**21,092**	**39.5%**
Changes in inventories of finished goods and work-in-progress	A.2	3,638	2,276	59.8%	6,195	4,416	40.3%
Raw materials and other consumables	A.2	(14,202)	(8,136)	-74.6%	(23,982)	(14,821)	-61.8%
Staff costs		(3,242)	(3,149)	-3.0%	(6,229)	(6,127)	-1.7%
Depreciation of property, plant and equipment		(164)	(267)	38.6%	(381)	(518)	26.4%
Amortisation of intangible assets		(38)	(64)	40.6%	(91)	(128)	28.9%
Other expenses		(1,458)	(1,595)	8.6%	(2,895)	(3,203)	9.6%
Finance expenses		(5)	(7)	28.6%	(11)	(11)	0.0%
Profit before taxation		**1,682**	**468**	**259.4%**	**2,034**	**700**	**190.6%**
Income tax expenses		(344)	-	NM	(455)	(3)	NM
Profit for the period		**1,338**	**468**	**185.9%**	**1,579**	**697**	**126.5%**
Other comprehensive income							
Translation loss relating to financial statements of foreign subsidiaries, net of tax		(437)	(329)	-32.8%	(861)	(113)	-661.9%
Effect of liquidation and disposal of dormant subsidiaries		(660)	-	NM	(645)	-	NM
Other comprehensive loss for the period, net of tax		**(1,097)**	**(329)**	**-233.4%**	**(1,506)**	**(113)**	**-1232.7%**
Total comprehensive income for the period		**241**	**139**	**73.4%**	**73**	**584**	**-87.5%**

** Increase/(Decrease) Earnings*
NM: Not Meaningful

1(a)(ii). Consolidated Comprehensive Income Statement

Total comprehensive income attributable to:

Owners of the Company		241	139	73.4%	73	584	-87.5%
Total comprehensive income for the period		**241**	**139**	**73.4%**	**73**	**584**	**-87.5%**

** Increase/(Decrease) Earnings*

1(a)(iii). Explanatory Notes to Consolidated Income Statement

A.1 Profit for the period is arrived at after crediting/(charging) the following items:

	Note	Quarterly Results			YTD Results		
		2Q2016 S$'000	2Q2015 S$'000	Change* %	1H2016 S$'000	1H2015 S$'000	Change* %
Government grant income		25	37	-32.4%	88	37	137.8%
Interest income		7	20	-65.0%	14	32	-56.3%
Rental income	(a)	8	9	-11.1%	17	262	-93.5%
Exchange (loss) /gain, net	(b)	(342)	(128)	-167.2%	(600)	67	-995.5%
Allowance for doubtful debts provided		-	-	NM	-	(2)	100.0%
Reversal of /(allowance made) for inventory obsolescence	(c)	366	(297)	NM	467	(314)	248.7%
Loss on liquidation of a dormant subsidiary	(d)	-	-	NM	(15)	-	NM
Loss on disposal of property, plant and equipment		-	-	NM	(26)	-	NM
Fixed asset written off		(2)	-	NM	(4)	-	NM

** Increase/(Decrease) Earnings*
NM: Not Meaningful

A.1(a) In 2Q2015, the lease for AEM building in Singapore expired. The Group took the opportunity to revise its rental arrangement and reduce its rented space and hence there was minimal surplus space to rent out.

A.1(b) The foreign exchange losses arose mainly due to depreciation of the United States dollar against the Singapore dollar and Malaysian Ringgit resulting from the translation of our working capital in 2Q2016 and 1H2016.

A.1(c) In 1H2016, there was a reversal of allowance for inventory obsolescence due to the utilisation of obsolete inventories.

A.1(d) The Group liquidated its wholly owned dormant Malaysian subsidiary, Microcircuit Technology (M) Sdn. Bhd. As a result of the liquidation, a loss on liquidation of S$15,000 was recognised.

A.2 Raw Material and Other Consumables

	Quarterly Results			YTD Results		
	2Q2016 S$'000	2Q2015 S$'000	Change* %	1H2016 S$'000	1H2015 S$'000	Change* %
Changes in inventories of finished goods and work-in-progress excluding allowance fo inventory obsolescence	3,272	2,573	27.2%	5,728	4,730	21.1%
Raw materials and consumables cost	(14,202)	(8,136)	-74.6%	(23,982)	(14,821)	-61.8%
Material cost before obsolescence	(10,930)	(5,563)	-96.5%	(18,254)	(10,091)	-80.9%
Reversal of /(allowance made) for inventory obsolescence	366	(297)	223.2%	467	(314)	248.7%
Total	(10,564)	(5,860)	-80.3%	(17,787)	(10,405)	-70.9%

** Increase/(Decrease) Earnings*
NM: Not Meaningful

Raw materials and consumables cost, taking into consideration changes in inventories excluding reversal of allowance for inventory obsolescence, increased from S$5.6 million in 2Q2015 to S$10.9 million in 2Q2016, representing an increase of 96.5% and increased from S$10.1 million in 1H2015 to S$18.3 million in 1H2016, representing an increase of 80.9%. The increase in raw materials and other consumables cost in 2Q2016 and 1H2016 was higher than the increase in revenue mainly due to higher proportion of equipment sales compared to spares and sale of kits.

1(b)(i). Statement of Financial Position

	Note	Group		Company	
		30-Jun-16 S$'000	31-Dec-15 S$'000	30-Jun-16 S$'000	31-Dec-15 S$'000
Non-current assets					
Property, plant and equipment	B.1	1,780	3,236	46	51
Intangible assets		120	217	15	37
Subsidiaries		-	-	10,194	10,194
Associate	B.2	4,000	-	4,000	-
Deferred tax asset	B.3	629	1,115	328	328
		6,529	**4,568**	**14,583**	**10,610**
Current assets					
Assets held for sale	B.1	1,289	2,551	-	-
Inventories	B.4	14,348	8,896	-	-
Trade and other receivables	B.5	11,922	10,375	4,963	3,809
Cash and cash equivalents	B.6	5,786	10,363	715	3,680
		33,345	**32,185**	**5,678**	**7,489**
Total assets		**39,874**	**36,753**	**20,261**	**18,099**
Equity Attributable to Owners of the Company					
Share capital	1(d)(i)	39,737	39,737	39,737	39,737
Other reserves	1(d)(i)	(19,437)	(13,075)	(521)	(259)
Accumulated gains/ (losses)	1(d)(i)	3,573	(2,160)	(20,331)	(22,711)
Total equity		**23,873**	**24,502**	**18,885**	**16,767**
Non-current liabilities					
Financial liabilities	1(b)(ii)	48	86	-	-
Provision		-	261	-	16
Deferred tax liabilities		43	43	-	-
		91	**390**	**-**	**16**
Current liabilities					
Trade and other payables	B.7	15,199	11,122	1,295	1,235
Financial liabilities	1(b)(ii)	79	76	-	-
Current tax payable		433	453	81	81
Provisions		199	210	-	-
		15,910	**11,861**	**1,376**	**1,316**
Total liabilities		**16,001**	**12,251**	**1,376**	**1,332**
Total equity and liabilities		**39,874**	**36,753**	**20,261**	**18,099**

B.1 In 1Q2016, the Group entered into an agreement to dispose of its plating line and business. These assets were classified as assets held for sale as the sales have yet to be completed as at 30 June 2016. Properties in Malacca that were classified as asset held for sale in FY2015 were disposed of in 2Q2016.

B.2 In 2Q2016, the Group acquired 21.1% stake in Novoflex Pte Ltd, an investment in associate.

B.3 The decrease in deferred tax asset was mainly due to the expected utilisation as a result of the profit made in 1H2016.

B.4 The increase in inventories was mainly due to inventory builds for fulfilment of sales orders over the next few quarters.

B.5 Trade and other receivables increased mainly due to the increased sales in 2Q2016.

B.6 Cash and cash equivalents reduced mainly due to payments made for trade and material purchases as a result of the increase in sales orders to be fulfilled over the next few quarters, as well as for the acquisition of associate.

B.7 The increase in trade and other payables was mainly due to increased material purchases as a result of the increase in sales orders to be fulfilled.

1(b)(ii). Group Borrowings and Debt Securities

	30-Jun-16 S$'000	31-Dec-15 S$'000
Amount repayable in one year or less, or on demand		
- Secured finance lease liabilities	79	76
Amount repayable after one year		
- Secured finance lease liabilities	48	86
Total	**127**	**162**

The finance lease liabilities are secured by corporate guarantee from AEM Holdings Ltd and fixed charge on the equipment being financed.

1(c). Consolidated Cash Flow Statement

	Note	2Q2016 S$'000	2Q2015 S$'000	1H2016 S$'000	1H2015 S$'000
Operating activities					
Profit for the period		1,338	468	1,579	697
Adjustments for:					
Depreciation and amortisation		202	330	472	645
(Gain)/ loss on disposal of property, plant and equipment		(5)	(17)	19	(17)
Fixed asset written off		2	-	4	-
Loss on liquidation of a subsidiary		-	-	15	-
(Reversal of)/ allowance made for inventories obsolescence		(366)	297	(467)	314
Allowance for doubtful debts and bad debts written off		-	-	-	2
Interest income		(7)	(18)	(14)	(27)
Interest expense		5	7	11	11
Provision reversed for warranties		(9)	-	(9)	-
Performance shares expense		-	283	-	283
Tax expense		394	-	505	-
Operating profit before working capital changes		**1,554**	**1,350**	**2,115**	**1,908**
Changes in working capital:					
Inventories		(3,157)	(2,587)	(5,515)	(4,609)
Trade and other receivables		(889)	(352)	(2,161)	(1,726)
Trade and other payables		3,918	(97)	3,720	(845)
Net cash from/ (used in) operating activities		**1,426**	**(1,686)**	**(1,841)**	**(5,272)**
Investing activities					
Interest income		7	18	14	27
Purchase of property, plant and equipment		(144)	(87)	(295)	(178)
Disposal of dormant subsidiary		2,551	-	2,551	-
Acquisition of intangible assets		(1)	-	(1)	(8)
Acquisition of associate		(4,000)	-	(4,000)	-
Net cash used in investing activities		**(1,587)**	**(69)**	**(1,731)**	**(159)**

1(c). Consolidated Cash Flow Statement (Cont'd)

	Note	2Q2016 S$'000	2Q2015 S$'000	1H2016 S$'000	1H2015 S$'000
Financing activities					
Interest expense		(5)	(7)	(11)	(11)
Purchase of treasury shares		(155)	-	(261)	-
(Repayment of)/ proceeds from finance lease liabilities		(15)	(99)	(38)	44
Dividend paid		(440)	-	(440)	-
Net cash (used in)/ from financing activities		**(615)**	**(106)**	**(750)**	**33**
Net decrease in cash and cash equivalents		**(776)**	**(1,861)**	**(4,322)**	**(5,398)**
Cash and cash equivalents at beginning of period		6,972	7,673	10,363	11,152
Effect of exchange rate changes on balances held in foreign currencies		(410)	(59)	(255)	(1)
Cash and cash equivalents at end of period		**5,786**	**5,753**	**5,786**	**5,753**

1(d)(i). Statements of Changes in Equity

	Share capital S$'000	Treasury share reserve S$'000	Capital reserve S$'000	Share compensation reserve S$'000	Currency translation reserve S$'000	Retained earnings S$'000	Total attributable to shareholders S$'000	Total Equity S$'000
Group								
As at 1 Jan 2015	**39,737**	**(691)**	**214**	**230**	**(13,621)**	**(7,942)**	**17,927**	**17,927**
Changes in equity for the period								
Total comprehensive income	-	-	-	-	216 *	229	445	445
As at 31 Mar 2015	**39,737**	**(691)**	**214**	**230**	**(13,405)**	**(7,713)**	**18,372**	**18,372**
Performance Share Plan shares issuance	-	283	-	-	-	-	283	283
Total comprehensive (loss)/ income	-	-	-	-	(329)*	468	139	139
As at 30 Jun 2015	**39,737**	**(408)**	**214**	**230**	**(13,734)**	**(7,245)**	**18,794**	**18,794**

	Share capital S$'000	Treasury share reserve S$'000	Capital reserve S$'000	Share compensation reserve S$'000	Currency translation reserve S$'000	Retained earnings S$'000	Total attributable to shareholders S$'000	Total Equity S$'000
Group								
As at 1 Jan 2016	**39,737**	**(489)**	**214**	**230**	**(13,030)**	**(2,160)**	**24,502**	**24,502**
Changes in equity for the period								
Profit for the period	-	-	-	-	-	241	241	241
Foreign currency translation differences	-	-	-	-	(424)*	-	(424)	(424)
Liquidation of a dormant subsidiary	-	-	-	-	15	-	15	15
Total comprehensive (loss)/ income for the period	**-**	**-**	**-**	**-**	**(409)**	**241**	**(168)**	**(168)**
Own shares acquired	-	(105)	-	-	-	-	(105)	(105)
Total transactions with owners for the period	**-**	**(105)**	**-**	**-**	**-**	**-**	**(105)**	**(105)**
As at 31 Mar 2016	**39,737**	**(594)**	**214**	**230**	**(13,439)**	**(1,919)**	**24,229**	**24,229**
Profit for the period	-	-	-	-	-	1,338	1,338	1,338
Foreign currency translation differences	-	-	-	-	(437)*	-	(437)	(437)
Disposal of a dormant subsidiary	-	-	-	-	(5,254)	4,594	(660)	(660)
Total comprehensive (loss)/ income for the period	**-**	**-**	**-**	**-**	**(5,691)**	**5,932**	**241**	**241**
Own shares acquired	-	(157)	-	-	-	-	(157)	(157)
Dividend declared	-	-	-	-	-	(440)	(440)	(440)
Total transactions with owners for the period	**-**	**(157)**	**-**	**-**	**-**	**(440)**	**(597)**	**(597)**
As at 30 Jun 2016	**39,737**	**(751)**	**214**	**230**	**(19,130)**	**3,573**	**23,873**	**23,873**

** The net exchange difference arose mainly from translation of subsidiaries' USD-denominated net assets and liabilities.*

1(d)(i). Statements of Changes in Equity (Cont'd)

	Share capital S$'000	Treasury share reserve S$'000	Share compensation reserve S$'000	Retained earnings S$'000	Total attributable to shareholders of the Company S$'000
Company					
As at 1 Jan 2015	**39,737**	**(691)**	**230**	**(24,525)**	**14,751**
Changes in equity for the period					
Total comprehensive loss	-	-	-	(189)	(189)
As at 31 Mar 2015	**39,737**	**(691)**	**230**	**(24,714)**	**14,562**
Own shares acquired	-	-	-	-	**-**
Performance Shares Plan shares issuance	-	283	-	-	283
Total comprehensive loss	-	-	-	(74)	(74)
As at 30 Jun 2015	**39,737**	**(408)**	**230**	**(24,788)**	**14,771**

	Share capital S$'000	Treasury share reserve S$'000	Share compensation reserve S$'000	Retained earnings S$'000	Total attributable to shareholders of the Company S$'000
Company					
As at 1 Jan 2016	**39,737**	**(489)**	**230**	**(22,711)**	**16,767**
Changes in equity for the period					
Own shares acquired	-	(105)	-	-	(105)
Total comprehensive gain	-	-	-	88	88
As at 31 Mar 2016	**39,737**	**(594)**	**230**	**(22,623)**	**16,750**
Own shares acquired	-	(157)	-	-	(157)
Dividend declared	-	-	-	(440)	(440)
Total comprehensive gain	-	-	-	2,732	2,732
As at 30 Jun 2016	**39,737**	**(751)**	**230**	**(20,331)**	**18,885**

1(d)(ii). Changes in Share Capital

	As at 30-Jun-16		As at 31-Dec-15		As at 30-Jun-15	
	No. of shares	S$'000	No. of shares	S$'000	No. of shares	S$'000
Issued and fully paid						
At 1 January	45,112,629	39,737	45,112,676	39,737	45,112,676	39,737
Total issued shares	**45,112,629**	**39,737**	**45,112,676**	**39,737**	**45,112,676**	**39,737**
Less treasury shares balance	(1,415,300)	(751)	(752,100)	(489)	(452,600)	(408)
Total issued shares less treasury shares reserve at end of period	**43,697,329**	**38,986**	**44,360,576**	**39,248**	**44,660,076**	**39,329**

	As at 30-Jun-16		As at 31-Dec-15		As at 30-Jun-15	
	No. of shares	S$'000	No. of shares	S$'000	No. of shares	S$'000
Treasury shares						
At 1 January	(752,100)	(489)	(765,000)	(691)	(765,000)	(691)
Less purchase of own shares	(663,200)	(262)	(299,500)	(81)	-	-
Issue of treasury shares to management under Performance Share Plan	-	-	312,400	283	312,400	283
Treasury shares balance at end of period	**(1,415,300)**	**(751)**	**(752,100)**	**(489)**	**(452,600)**	**(408)**

1(d)(iii). Share Options

On 12 May 2016, the Company issued 326,954 share options under the AEM Employee Share Option Plan. As at 30 June 2016, the number of share options of the company outstanding was 326,954 (30 June 2015: nil). During the financial period there were no options exercised.

1(d)(iv). Treasury Shares

As at 30 June 2016, the treasury shares balance was 1,415,300 (31 December 2015: 752,100). The total number of issued ordinary shares excluding treasury shares at the end of the period was 43,697,329 (31 December 2015: 44,360,576).

There was no sale, transfer or cancellation of treasury shares during the period.

2. Statement on Audit

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

The figures have not been audited or reviewed.

3. Auditors' Report

Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Accounting Policies

Whether the same accounting policies and methods of computations as in the issuer's most recently audited annual financial statements have been applied

Other than the adoption of the new and revised Financial Reporting Standards (FRSs) as mentioned in paragraph 5 below, there were no changes in accounting policies and methods of computation adopted in the financial statements for the current reporting period as compared to the most recent audited annual financial statements as at 31 December 2015.

5. Changes in Accounting Policies

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.

A number of new standards, amendments to standards and interpretations are effective for annual period beginning after 1 January 2016. None of these is expected to have a significant effect on the Group's financial statements, except for FRS 115 "Revenue from contracts with customers", FRS 109 "Financial Instruments" and FRS 116 "Leases" which are mandatory for adoption by the Group on 1 January 2018, 1 January 2018 and 1 January 2019 respectively.

The Group has not yet commenced examining the impacts of adoption of these standards on its financial statements.

6. Earnings Per Share

Earnings per ordinary share for the period for continuing operations based on net profit attributable to shareholders after deducting any provision for preference dividends

	Group		Group	
	2Q2016	2Q2015	1H2016	1H2015
(i) EPS based on weighted average number of ordinary shares in issue	3.05 cents	1.05 cents	3.55 cents	1.57 cents
Weighted average number of shares in issue	43,893,192	44,529,623	44,513,890	44,439,152
(ii) EPS based on a fully diluted basis	3.05 cents	1.05 cents	3.55 cents	1.57 cents
Weighted average number of shares adjusted for the effect of dilutive potential ordinary shares arising from the exercise of share options	43,893,192	44,529,623	44,513,890	44,439,152

7. Net Asset Value Per Share

	Group		Company	
	30-Jun-16	31-Dec-15	30-Jun-16	31-Dec-15
Net asset value per share	54.6 cents	55.2 cents	43.2 cents	37.8 cents

Net asset value per share is calculated based on the existing issued share capital less treasury shares of 43,697,329 ordinary shares as at 30 June 2016 (31 December 2015: 44,360,576 shares).

8. Group Performance Review

Analysis of Consolidated Income Statement

	Quarterly Results			YTD Results		
	2Q2016 S$'000	2Q2015 S$'000	Change %	1H2016 S$'000	1H2015 S$'000	Change %
Equipment Systems (ESS)	15,553	9,232	68.5%	26,253	16,633	57.8%
Precision Components (PCS)	1,555	1,723	-9.8%	3,020	3,346	-9.7%
Other Sales & Services (Others)	-	367	-100.0%	29	559	-94.8%
Overall	17,108	11,322	51.1%	29,302	20,538	42.7%

The Group reported higher sales contribution from its Equipment Systems ("ESS") business mainly due to higher sales to a key customer. Sales from ESS were higher by 68.5% increasing from S$9.2 million in 2Q2015 to S$15.6 million in 2Q2016 and 57.8% increase from S$16.6 million in 1H2015 to S$26.3 million in 1H2016.

Sales contribution from the Precision Components ("PCS") business was lower by 9.8%, decreasing from S$1.7 million in 2Q2015 to S$1.6 million in 2Q2016 and 9.7% from S$3.3 million in 1H2015 to S$3.0 million in 1H2016. The lower sales were mainly due to reduced orders from customers.

Other Sales & Services ("Others") reported no sales in 2Q2016 as compared to S$367,000 in 2Q2015. It was lower by 94.8% in 1H2016, decreasing from S$559,000 in 1H2015 to S$29,000 in 1H2016. In 1Q2016, the Group entered into an agreement to dispose of its plating line and business. As a result, no sales were recorded for "Others" in 2Q2016.

As a result of the above, the Group recorded a 51.1% increase in its total revenue, which rose from S$11.3 million in 2Q2015 to S$17.1 million in 2Q2016 and 42.7% increase in revenue from S$20.5 million in 1H2015 to S$29.3 million in 1H2016.

Raw materials and consumables cost, taking into consideration changes in inventories excluding reversal of allowance for inventory obsolescence, increased from S$5.6 million in 2Q2015 to S$10.9 million in 2Q2016, representing an increase of 96.4% and increased from S$10.1 million in 1H2015 to S$18.3 million in 1H2016, representing an increase of 80.9%. The increase in raw materials and other consumables cost in 2Q2016 was higher than the increase in revenue mainly due to higher proportion of equipment sales compared to spares and sale of kits.

Depreciation cost decreased by 38.6% from S$267,000 in 2Q2015 to S$164,000 in 2Q2016 and by 26.4% from S$518,000 in 1H2015 to S$381,000 in 1H2016 mainly due to lower property, plant and equipment carrying value in 1H2016.

Amortisation of intangible assets was lower by 40.6%, decreasing from S$64,000 in 2Q2015 to S$38,000 in 2Q2016 and by 28.9% from S$128,000 in1H2015 to S$91,000 in 1H2016. These were mainly due to lower intangible assets carrying value in 1H2016.

The net decreases in other expenses by 8.6% from S$1.6 million in 2Q2015 to S$1.5 million in 2Q2016 and by 9.6% from S$3.2 million in 1H2015 to S$2.9 million in 1H2016 were mainly due to lower professional fees, travelling expenses, utilities and other factory overheads incurred in 2Q2016 as well as lower office rental costs in 1H2016 as the Group reduced its rental space. The lower general expenses were however offset by foreign exchange losses incurred in 1H2016 amounting to S$600,000 due to the weakening of the United States Dollar against Singapore dollar and Malaysian Ringgit.

As a result of the above, profit before tax in 2Q2016 was S$1.7 million compared to a profit before tax of S$468,000 in 2Q2015 and profit before tax of S$2.0 million in 1H2016 as compared to profit before tax of S$700,000 in 1H2015. After taking into consideration tax expense of S$344,000 in 2Q2016 and S$455,000 in 1H2016, profit after tax in 2Q2016 was S$1.3 million compared to the profit after tax of S$468,000 in 2Q2015 and profit after tax in 1H2016 was S$1.6 million in 1H2016 compared to the profit after tax of S$697,000 in 1H2015.

Analysis of Statement of Financial Position and Cash Flow Statement

As at 30 June 2016, the Group had a cash balance of S$5.8 million compared to its financial liabilities of S$127,000. The reduction in cash and bank balances comparing the balances as at 30 June 2016 and 31 December 2015 were mainly due to the higher volume of trade purchases arising from the increased sales as well as the acquisition of an associate during the financial period under review.

9. Prospect vs Actual Results

Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

In our 1Q2016 results announcement, we stated "We are confident about our prospects in the second quarter and expect that our business will continue to operate profitably". The Group was profitable in 2Q2016 and in 1H2016, the profit after tax was S$1.3 million and S$1.6 million respectively.

10. Business Outlook

Commentary of significant trends and competitive conditions of the industry and any known factors or events that may affect the Group

In the second quarter, the Group's equipment business continued to deliver strong performance, recording revenue of $17.1 million. This represents an increase of 51% compared to the same period last year.

Net profit after tax grew to $1,338,000 in the second quarter, up 186% from $486,000 in the same period last year.

Demand for our equipment continues to be strong looking into the 2nd half of this fiscal year, and we expect further positive growth in the business in that period. Nevertheless, we are mindful of the uncertainties present in the global macro economy so we continue to be operationally cautious while planning for anticipated growth.

11. Dividends

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? No

Name of Dividend	NA
Dividend Type	NA
Dividend Rate	NA
Tax Rate	NA

(b) Corresponding Period of the Immediately Preceding Financial Year

Name of Dividend	NA
Dividend Type	NA
Dividend Rate	NA
Tax Rate	NA

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. Statement on Dividends

If no dividend has been declared (recommended), a statement to that effect

Not applicable.

13. Interested Person Transactions

If no IPT mandate has been obtained, a statement to that effect

No IPT mandate has been obtained.

14. Confirmation by the Board Pursuant to Rule 705(4) of the Listing Manual

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 of the Group and the Company for the period ended 30 June 2016, to be false or misleading in any material respect.

15. Confirmation by the Directors and Officers Pursuant to Rule 720(1) of the Listing Manual

The Group has procured undertakings from all its directors and executive officers.

BY ORDER OF THE BOARD

Charles Cher Lew Siang
Chief Executive Officer
4 August 2016