SGXNET Announcement

AEM Holdings Ltd
(Registration No. 200006417D)
Quarterly Financial Statements and Dividend Announcement
For Period Ended 30 September 2015

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

	Note	Quarterly Results			YTD Results		
		3Q2015 S$'000	3Q2014 S$'000	Change* %	9M2015 S$'000	9M2014 S$'000	Change* %
Continuing operations							
Revenue		12,533	7,919	58.3%	33,071	25,612	29.1%
Other income	A.1	484	1,337	-63.8%	1,038	2,008	-48.3%
		13,017	**9,256**	**40.6%**	**34,109**	**27,620**	**23.5%**
Changes in inventories of finished goods and work-in-progress	A.2	(2,654)	1,763	-250.5%	2,082	(17)	12347.1%
Raw materials and other consumables	A.2	(4,446)	(5,767)	22.9%	(19,267)	(14,536)	-32.5%
Staff costs		(3,152)	(2,914)	-8.2%	(9,279)	(7,908)	-17.3%
Depreciation of property, plant and equipment		(214)	(253)	15.4%	(732)	(714)	-2.5%
Amortisation of intangible assets		(70)	(278)	74.8%	(198)	(830)	76.1%
Other expenses	A.1	(1,951)	(15,508)	87.4%	(5,474)	(18,447)	70.3%
Finance expenses		(7)	(3)	-133.3%	(18)	(13)	-38.5%
Profit/(loss) before taxation		**523**	**(13,704)**	**103.8%**	**1,223**	**(14,845)**	**108.2%**
Income tax credit/ (expense)		-	42	NM	(3)	(32)	90.6%
Profit/(loss) after tax from continuing operations		**523**	**(13,662)**	**103.8%**	**1,220**	**(14,877)**	**108.2%**
Discontinued operation:							
Loss from discontinued operation		-	(3,364)	100.0%	-	(9,769)	100.0%
Profit/(loss) for the period		**523**	**(17,026)**	**103.1%**	**1,220**	**(24,646)**	**105.0%**
Other comprehensive income							
Translation gain/(loss) relating to financial statements of foreign subsidiaries, net of tax		93	62	50.0%	(20)	355	-105.6%
Other comprehensive income/ (loss) for the period, net of tax		**93**	**62**	50.0%	**(20)**	**355**	-105.6%
Total comprehensive profit/(loss) for the period		**616**	**(16,964)**	**103.6%**	**1,200**	**(24,291)**	**104.9%**

** Increase/(Decrease) Earnings*

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

Total comprehensive gain/ (loss) attributable to:

Owners of the Company		616	(15,548)	104.0%	1,200	(20,162)	106.0%
Non-controlling interests		-	(1,416)	100.0%	-	(4,129)	100.0%
Total comprehensive profit/(loss) for the period		**616**	**(16,964)**	103.6%	**1,200**	**(24,291)**	104.9%

** Increase/(Decrease) Earnings*

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

A.1 Profit/(Loss) from the continuing operation is arrived at after crediting/(charging) the following items:

	Note	Quarterly Results			YTD Results		
		3Q2015 S$'000	3Q2014 S$'000	Change* %	9M2015 S$'000	9M2014 S$'000	Change* %
Government grant income		-	-	NM	37	46	-19.6%
Interest income		18	11	63.6%	50	37	35.1%
Rental income	(a)	-	268	-100.0%	261	844	-69.1%
Exchange gain, net	(b)	469	166	182.5%	536	184	191.3%
Allowance for doubtful debts (provided)/ reversed	(c)	(77)	886	-108.7%	(79)	886	-108.9%
Allowance for inventory obsolescence (provided)/ reversed		-	(89)	100.0%	7	(89)	107.9%
Impairment loss on asset held for sale		-	(13,955)	100.0%	-	(13,955)	100.0%

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

A.1(a) In 2Q2015, the lease for AEM building expired. The group took the opportunity to revise its rental arrangement and reduce its rented space and hence there was no surplus space to rent out.

A.1(b) The foreign exchange gain arose mainly due to the appreciation of United States dollar against the Singapore dollar in 3Q2015.

A.1(c) Provision for doubtful debts was made in 3Q2015 for accounts receivables that were unlikely to be collectible.

A.2 Raw Material and Other Consumables

	Quarterly Results			YTD Results		
	3Q2015 S$'000	3Q2014 S$'000	Change* %	9M2015 S$'000	9M2014 S$'000	Change* %
Changes in inventories of finished goods and work-in-progress	(2,654)	1,852	-243.3%	2,075	72	2781.9%
Raw materials and consumables cost	(4,446)	(5,767)	22.9%	(19,267)	(14,536)	-32.5%
Material cost before obsolescence	(7,100)	(3,915)	-81.4%	(17,192)	(14,464)	-18.9%
Allowance for inventory obsolescence (provided)/ reversed	-	(89)	NM	7	(89)	NM
Total	(7,100)	(4,004)	-77.3%	(17,185)	(14,553)	-18.1%

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

A significant portion of our finished goods and work-in-progress costs comprised materials and consumables cost. Raw materials and consumables cost, after taking into consideration changes in inventories and allowance for inventory obsolescence, increased from S$4.0 million in 3Q2014 to S$7.1 million in 3Q2015, representing an increase of 77.3% and increased from S$14.6 million in 9M2014 to S$17.2 million in 9M2015, representing a increase of 18.1%. The raw materials and other consumables cost increase in 3Q2015 was higher than revenue increase mainly due to higher proportion of equipment sales compared to spares and kits sales.

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

	Note	Group		Company	
		30-Sep-15 S$'000	31-Dec-14 S$'000	30-Sep-15 S$'000	31-Dec-14 S$'000
Non-current assets					
Property, plant and equipment		3,388	6,163	43	61
Intangible assets		260	381	50	89
Subsidiaries		-	-	10,194	10,194
Deferred tax asset	B.1	1,906	1,796	328	328
		5,554	**8,340**	**10,615**	**10,672**
Current assets					
Assets held for sale	B.2	1,914	-	-	-
Inventories	B.3	11,795	9,057	-	-
Trade and other receivables	B.4	8,660	7,482	4,823	4,374
Cash and bank equivalents	B.5	8,445	11,152	2,381	3,328
		30,814	**27,691**	**7,204**	**7,702**
Total assets		**36,368**	**36,031**	**17,819**	**18,374**
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)	(13,518)	(13,868)	(190)	(461)
Accumulated losses	1(d)(i)	(6,723)	(7,942)	(24,740)	(24,525)
Total equity		**19,496**	**17,927**	**14,807**	**14,751**
Non-current liabilities					
Financial liabilities	1(b)(ii)	94	-	-	-
Deferred tax liabilities		42	49	-	-
		136	**49**	**-**	**-**
Current liabilities					
Trade and other payables	B.6.	13,667	15,490	2,931	3,542
Financial liabilities	1(b)(ii)	82	202	-	-
Current tax payable		2,454	2,164	81	81
Provisions		534	199	-	-
		16,737	**18,055**	**3,012**	**3,623**
Total liabilities		**16,873**	**18,104**	**3,012**	**3,623**
Total equity and liabilities		**36,368**	**36,031**	**17,819**	**18,374**

B.1 The increase in deferred tax asset was mainly due to the appreciation of United States dollar against the Singapore dollar comparing 31 December 2014 and 30 September 2015.

B.2 In 3Q2015, the Group entered into an agreement to dispose of its land and building that was left vacant since the Group cease its operations in Malacca. These assets were classified as Assets Held For Sale pending for the sale to be completed.

B.3 The increase in inventory was mainly due to the increase in material purchased to cater for the equipment orders in 4Q2015.

B.4 Trade and other receivables increased mainly due to the increase in sales comparing 3Q2015 and 4Q2014.

B.5 Cash and bank equivalents reduced mainly due to payments made for trade and material purchases as a result of the increase in sales in 9M2015.

B.6 The reduction in trade and other payables was mainly due to payments made to trade suppliers.

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

	30-Sep-15 S$'000	31-Dec-14 S$'000
Amount repayable in one year or less, or on demand		
- Secured bank loan	-	202
- Secured finance lease liabilities	82	-
	82	**202**
Amount repayable after one year		
- Secured finance lease liabilities	94	-
	94	**-**
Total	**176**	**202**

The bank loan in 2014 was secured by corporate guarantee from AEM Holdings Ltd and a fixed and floating charge on the trade receivables of a subsidiary of the Company. 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	3Q2015 S$'000	3Q2014 S$'000	9M2015 S$'000	9M2014 S$'000
Operating activities					
Profit/ (loss) before tax from continuing operations		523	(13,704)	1,220	(14,845)
Loss before tax from discontinued operations		-	(3,364)	-	(9,769)
Profit/ (loss) before tax		**523**	**(17,068)**	**1,220**	**(24,614)**
Adjustments for:					
Depreciation and amortisation		283	1,469	930	3,953
Impairment on property, plant and equipment		-	13,955	-	13,955
Gain on disposal of property, plant and equipment		(3)	-	(20)	-
Loss on disposal/liquidation of subsidiaries		98	-	98	-
Allowance/ (reversal) for inventories obsolescence		-	87	(6)	101
Allowance/ (reversal) for doubtful debts and bad debts written off		77	(886)	79	(886)
Interest income		(23)	(11)	(50)	(37)
Interest expense		7	9	18	32
Allowance/ (reversal) for warranties		15	(43)	335	(14)
Performance shares expense		-	-	283	255
Operating profit/(loss) before working capital changes		**977**	**(2,488)**	**2,887**	**(7,256)**
Changes in working capital:					
Inventories		2,622	(2,263)	(1,987)	2
Trade and other receivables		516	3,919	(1,211)	1,554
Trade and other payables		(1,239)	336	(2,121)	(2,556)
Cash generated from/ (used in) operations		**2,877**	**(496)**	**(2,431)**	**(8,256)**
Government grant received		-	-	37	-
Income taxes paid		(88)	(90)	(88)	(61)
Cash flows from/ (used in) operating activities		**2,788**	**(586)**	**(2,482)**	**(8,317)**
Investing activities					
Interest income		22	11	50	37
Purchase of property, plant and equipment		(40)	(1,417)	(218)	(4,386)
Acquisition of intangible assets		(54)	(203)	(62)	(1,912)
Cash flows from/ (used in) investing activities		**(72)**	**(1,609)**	**(230)**	**(6,261)**

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

	Note	3Q2015 S$'000	3Q2014 S$'000	9M2015 S$'000	9M2014 S$'000
Financing activities					
Interest expense		(7)	(9)	(18)	(32)
Proceeds from subsidiary's shares issuance		-	-	-	2,642
Repayment of financial liabilities		(49)	(250)	(5)	(748)
Purchase of treasury shares		(11)	-	(11)	(36)
Cash flows (used in)/ from financing activities		**(67)**	**(259)**	**(34)**	**1,826**
Net increase/(decrease) in cash and cash equivalents		**2,648**	**(2,454)**	**(2,747)**	**(12,751)**
Cash and cash equivalents at beginning of period		5,753	11,784	11,152	22,370
Effect of exchange rate changes on balances held in foreign currencies		42	30	41	(259)
Cash and cash equivalents at end of period		**8,445**	**9,360**	**8,445**	**9,360**

Explanatory Notes on Cash Flow Statement

Cash and bank equivalents reduced mainly due to payments made for trade and material purchases as a result of the increase in sales comparing 3Q2015 and 4Q2014 and inventory build for equipment orders in 9M2015.

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	Merger reserve S$'000	Currency translation reserve S$'000	Retained earnings S$'000	Total attributable to shareholders S$'000	Non-Controlling Interest S$'000	Total Equity S$'000
Group										
As at 1 Jan 2014	**39,737**	**(910)**	**214**	**230**	**139**	**(15,270)**	**26,661**	**50,801**	**14,331**	**65,132**
Changes in equity for the period										
Own shares acquired	-	(36)	-	-	-	-	-	(36)	-	(36)
Performance Share Plan shares issuance	-	255	-	-	-	-	-	255	-	255
Acquisition of shares in subsidiary	-	-	-	-	-	-	-	-	1,321	1,321
Total comprehensive income/(loss)	-	-	-	-	-	87 *	(1,729)	(1,642)	(1,197)	(2,839)
As at 31 Mar 2014	**39,737**	**(691)**	**214**	**230**	**139**	**(15,183)**	**24,932**	**49,378**	**14,455**	**63,833**
Acquisition of shares in subsidiary	-	-	-	-	-	-	-	-	1,321	1,321
Total comprehensive income/(loss)	-	-	-	-	-	206 *	(3,274)	(3,068)	(1,510)	(4,578)
As at 30 Jun 2014	**39,737**	**(691)**	**214**	**230**	**139**	**(14,977)**	**21,658**	**46,310**	**14,266**	**60,576**
Own shares acquired	-	-	-	-	-	-	-	-	-	-
Disposal of dormant subsidiaries	-	-	-	-	(139)	(979)		(1,118)	-	(1,118)
Total comprehensive income/(loss)	-	-	-	-	-	62 *	(14,412)	(14,350)	(1,339)	(15,689)
As at 30 Sep 2014	**39,737**	**(691)**	**214**	**230**	**-**	**(15,894)**	**7,246**	**30,842**	**12,927**	**43,769**

	Share capital S$'000	Treasury share reserve S$'000	Capital reserve S$'000	Share compensation reserve S$'000	Merger reserve S$'000	Currency translation reserve S$'000	Retained earnings S$'000	Total attributable to shareholders S$'000	Non-Controlling Interest 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**
Own shares acquired	-	(11)	-	-	-		-	(11)	-	(11)
Disposal of dormant subsidiary						98		98	-	98
Total comprehensive income						93 *	523	616	-	616
As at 30 Sep 2015	**39,737**	**(419)**	**214**	**230**	**-**	**(13,543)**	**(6,723)**	**19,497**	**-**	**19,496**

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

	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 2014	**39,737**	**(910)**	**230**	**7,949**	**47,006**
Changes in equity for the period					
Own shares acquired	-	(36)	-	-	(36)
Performance Shares Plan shares issuance	-	255	-	-	255
Total comprehensive loss	-	-	-	(122)	(122)
As at 31 Mar 2014	**39,737**	**(691)**	**230**	**7,827**	**47,103**
Total comprehensive loss	-	-	-	(246)	(246)
As at 30 Jun 2014	**39,737**	**(691)**	**230**	**7,581**	**46,857**
Own shares acquired	-	-	-	-	**-**
Total comprehensive loss	-	-	-	(32,382)	(32,382)
As at 30 Sep 2014	**39,737**	**(691)**	**230**	**(24,801)**	**14,475**

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**
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**
Own shares acquired	-	(11)	-	-	(11)
Total comprehensive income	-	-	-	48	48
As at 30 Sep 2015	**39,737**	**(420)**	**230**	**(24,740)**	**14,807**

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

	As at 30-Sep-15		As at 31-Dec-14		As at 30-Sep-14	
	No. of shares	S$'000	No. of shares	S$'000	No. of shares	S$'000
Issued and fully paid						
At 1 January	451,126,760	39,737	451,126,760	39,737	451,126,760	39,737
Less treasury shares balance	(4,926,000)	(419)	(7,650,000)	(691)	(7,650,000)	(691)
Total issued shares less treasury shares reserve at end of period (before shares consolidation)	**446,200,760**	**39,318**	**443,476,760**	**39,046**	**443,476,760**	**39,046**
Total issued shares less treasury shares reserve at end of period*	**44,620,029**	**39,318**	**44,347,676**	**39,046**	**44,347,676**	**39,046**

	As at 30-Sep-15		As at 31-Dec-14		As at 30-Sep-14	
	No. of shares	S$'000	No. of shares	S$'000	No. of shares	S$'000
Treasury shares						
At 1 January	(7,650,000)	(691)	(10,000,000)	(910)	(10,000,000)	(910)
Less purchase of own shares	(400,000)	(11)	(450,000)	(36)	(450,000)	(36)
Issue of treasury shares to management under Performance Share Plan	3,124,000	283	2,800,000	255	2,800,000	255
Treasury shares balance at end of period (before shares consolidation)	**(4,926,000)**	**(419)**	**(7,650,000)**	**(691)**	**(7,650,000)**	**(691)**
Treasury shares balance at end of period*	**(492,600)**	**(419)**	**(765,000)**	**(691)**	**(765,000)**	**(691)**

**On 26 May 2015, the Group completed a share consolidation of 10 existing issued ordinary shares into 1 ordinary share. Accordingly, adjustments have been made to the number of shares. Fractions of consolidated shares were disregarded as a result of the share consolidation exercise.*

1(d)(iii). Share Options

Nil

1(d)(iv). Treasury Shares

As at 30 September 2015, the treasury shares balance was 492,600 (31 December 2014: 765,000). The total number of issued ordinary shares excluding treasury shares at the end of the period was 44,620,029 (31 December 2014: 44,347,676).

There was an issue of treasury shares to management under Performance Share Plan in 2Q2015.

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

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 2014.

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.

The Group and the Company have reviewed the applicable new and revised Financial Reporting Standards (FRSs) and the Interpretations of FRSs that became effective for accounting periods beginning 1 January 2015.

The adoption of these new and revised FRSs does not have a material impact on the Group financial statements.

6. Earnings Per Share

Earnings per ordinary share for the period for continuing operations based on net profit attributable to

	Group		Group	
	3Q2015	3Q2014	9M2015	9M2014
(i) EPS based on weighted average number of ordinary shares in issue	1.17 cents	-38.40 cents	2.74 cents	-55.67 cents
Weighted average number of shares in issue*	44,655,696	44,347,676	44,512,127	44,271,291
(ii) EPS based on a fully diluted basis	1.17 cents	-38.40 cents	2.74 cents	-55.67 cents
Weighted average number of shares adjusted for the effect of dilutive potential ordinary shares arising from the exercise of share options*	44,655,696	44,347,676	44,512,127	44,271,291

**On 26 May 2015, the Group completed a share consolidation of 10 existing issued ordinary shares into 1 ordinary share. Accordingly, adjustments have been made to the number of shares. Fractions of consolidated shares were disregarded as a result of the share consolidation exercise.*

7. Net Asset Value Per Share

	Group		Company	
	30-Sep-15	31-Dec-14	30-Sep-15	31-Dec-14
Net asset value per share	43.7 cents	40.4 cents	33.2 cents	33.3 cents

Net asset value per share is calculated based on the existing issued share capital less treasury shares of 44,655,696 ordinary shares as at 30 September 2015 (31 December 2014: 44,347,676 shares).

8(a). Group Performance Review

Analysis of Consolidated Income Statement

	Quarterly Results			YTD Results		
	3Q2015 S$'000	3Q2014 S$'000	Change %	9M2015 S$'000	9M2014 S$'000	Change %
Equipment Systems (ESS)	11,162	5,682	96.4%	27,730	18,902	46.7%
Precision Components (PCS)	1,174	2,041	-42.5%	4,520	6,122	-26.2%
Plating & Other Services (PLT)	196	196	0.0%	821	587	39.9%
Overall	12,533	7,919	58.3%	33,071	25,612	29.1%

The Group reported higher sales from its Equipment Systems ("ESS") business mainly due to higher demand for its equipment, kits and spares from a key customer. Sales for ESS were higher by 96.4% increasing from S$5.7 million in 3Q2014 to S$11.2 million in 3Q2015. On a nine-month basis, ESS sales rose from S$18.9 million in 9M2014 to S$27.7 million in 9M2015, representing an increase of 46.7%.

Sales from the Precision Components ("PCS") business were lower by 42.5%, decreasing from S$2.0 million in 3Q2014 to S$1.2 million in 3Q2015. For the nine months this year, sales for PCS were lower by 26.2%, decreasing from S$6.1 million in 9M2014 to S$4.5 million in 9M2015. The reduced sales were mainly due to order reduction arising from the general slowdown in the semiconductor industry.

Plating and Other Services ("PLT") reported revenue of S$196,000 in both 3Q2015 and 3Q2014. On a nine-month basis, the revenue from this business was 39.7% higher, rising from S$587,000 in 9M2014 to S$821,000 in 9M2015 due mainly to the increased in demand for its services.

As a result of the above, the Group recorded a 58.3% increase in its total revenue, which rose from S$7.9 million in 3Q2014 to S$12.5 million in 3Q2015. Comparing 9M2015 and 9M2014, revenue increased by 29.1% from S$25.6 million in 9M2014 to S$33.1 million in 9M2015.

Raw materials and consumables cost, after taking into consideration changes in inventories and allowance for inventory obsolescence, increased from S$4.0 million in 3Q2014 to S$7.1 million in 3Q2015, representing an increase of 77.3% and increased from S$14.6 million in 9M2014 to S$17.2 million in 9M2015, representing a increase of 18.1%. The raw materials and other consumables cost increase in 3Q2015 was higher than revenue increase mainly due to higher proportion of equipment sales compared to spares and kits sales.

Staff costs increased by 8.2% from S$2.9 million in 3Q2014 to S$3.2 million in 3Q2015 and by 17.3% from S$7.9 million in 9M2014 to S$9.3 million in 9M2015. This was mainly due to increased headcounts to support our engineering and field service team in growing the ESS business.

Depreciation cost decreased by 15.4% from S$253,000 in 3Q2014 to S$214,000 in 3Q2015 and increased by 2.5% from S$714,000 in 9M2014 to S$732,000 in 9M2015. This was mainly due to the increases in property, plant and equipment in 9M2015. The reduction in 3Q2015 was mainly due to the reclassification of the Malacca's land and building to Asset Held For Sale.

Amortisation of intangible assets was lower by 74.8%, decreasing from S$278,000 in 3Q2014 to S$70,000 in 3Q2015 and by 76.1% from S$830,000 in 9M2014 to S$198,000 in 9M2015. This was mainly due to intangible assets relating to capitalised cost of developments that were written off in 4Q2014.

Other expenses decreased by 87.4% from S$15.5 million in 3Q2014 to S$2.0 million in 3Q2015 and by 70.3% from S$18.4 million in 9M2014 to S$5.5 million in 9M2015. Included in 3Q2014, was an impairment loss relating to a subsidiary that was to be disposed at an estimated loss of S$14.0 million. Excluding the impairment, other expenses would have amounted to S$1.5 million in 3Q2014 and S$4.4 million in 9M2014, showing an increase of S$0.5 million in 3Q2015 and S$1.1 million in 9M2015. This was mainly due to higher provision for warranty expenses to cover machine warranty costs.

As a result of the above, profit after tax in 3Q2015 was S$523,000 compared to a loss of S$13.7 million in 3Q2014. Profit after tax in 9M2015 was S$1.2 million compared to a loss of S$14.9 million in 9M2014. Inclusive of the discontinued operations, the losses after tax would be S$17.0 million and S$24.6 million in 3Q2014 and 9M2014 respectively.

Analysis of Statement of Financial Position

As at 30 September 2015, the Group had a cash balance of S$8.4 million compared to its financial liabilities of S$176,000.

Over the last nine months in 2015, sales and equipment orders were relatively higher compared to the corresponding period in the previous year. This resulted in the reduction in cash and bank equivalents at the close of the quarter.

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 2Q2015 results announcement, we stated "we are optimistic about our prospects for the second half of 2015 and barring unforeseen circumstances, we expect our 2H2015 and FY2015 to be profitable". This statement remains unchange.

10. Business Outlook

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

The Group's performance continued to improve in the 3rd quarter of FY2015. Revenue rose by 29.1% from S$7.9 million to S$12.5 million and comprehensive net profit improved from a loss of S$17.0 million (3Q FY2014) to a profit of S$0.5 million.

We are seeing positive demand from our ESS customers and sales from this will contribute to our performance in the 4th quarter of this year. Our research and development efforts are moving according to plan and remains an important part of its future growth strategy.

On our prospects for the fourth quarter and the 2015 financial year, we expect that we will continue to operate profitably. On a cautionary note, in view of the global economic uncertainties as well as softness in the semiconductor industry, we will exercise prudence in our business management but at the same time look for opportunities that can support the Group's 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

NA

(d) Books closure date

NA

12. Statement on Dividends

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

No dividend has been declared.

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 September 2015, 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
13 November 2015