ADVANCED INTEGRATED MANUFACTURING CORP. LTD.

Registration No: 200405216C

UNAUDITED FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016

1 (a) (i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

INCOME STATEMENT

	Group		
	3 months ended 31-Mar-2016 US$'000	3 months ended 31-Mar-2015 US$'000	Increase/ (Decrease) %
Revenue	16,637	20,815	-20.1%
Cost of sales	(14,698)	(17,926)	-18.0%
Gross profit	1,939	2,889	-32.9%
Other revenue	86	41	109.8%
Marketing and distribution	(13)	(18)	-27.8%
Administrative expenses	(2,037)	(1,819)	12.0%
Other expenses	(19)	-	N/M
Finance cost	(204)	(211)	-3.3%
Profit before tax	(248)	882	N/M
Income tax (expenses)/credit	(31)	(190)	-83.7%
(Loss)/Profit after tax attributable to owners of the Company	(279)	692	N/M

STATEMENT OF COMPREHENSIVE INCOME

	Group		
	3 months ended 31-Mar-2016 US$'000	3 months ended 31-Mar-2015 US$'000	Increase/ (Decrease) %
(Loss)/Profit for the year	(279)	692	N/M
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation	(34)	(96)	-64.6%
Net loss on fair value changes of available-for-sale financial assets	-	(55)	N/M
Total comprehensive income for the year attributable to owners of the Company	(313)	541	N/M

1 (a) (ii) NOTES TO INCOME STATEMENT

Profit before tax is arrived at after (charging) / crediting:

	Group		
	3 months ended 31-Mar-2016 US$'000	3 months ended 31-Mar-2015 US$'000	Increase/ (Decrease) %
Depreciation of property, plant and equipment	(285)	(317)	-10.1%
Net foreign exchange gain	53	12	341.7%
Interest expense	(172)	(195)	-11.8%
Impairment loss on inventories	-	(2)	N/M
Inventory written off	(3)	-	N/M
Post employment benefit liabilities	(124)	(26)	376.9%
Loss on disposal of a subsidiary	(19)	-	N/M

1 (b) (i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

STATEMENT OF FINANCIAL POSITION	Group			Company		
	As at 31-Mar-16	As at 31-Dec-15	Increase/ (Decrease)	As at 31-Mar-16	As at 31-Dec-15	Increase/ (Decrease)
	US$'000	US$'000	%	US$'000	US$'000	%
ASSETS						
Non-current assets						
Property, plant and equipment	6,820	6,868	-0.7%	29	31	-6.5%
Investment in subsidiary companies	-	-	N/M	29,394	29,394	0.0%
Investment properties	6,097	5,674	7.5%	-	-	N/M
Intangible assets	4,222	1,832	130.5%	-	-	N/M
Deferred tax assets	408	408	0.0%	46	46	0.0%
Total non-current assets	17,547	14,782	18.7%	29,469	29,471	0.0%
Current assets						
Inventories	22,399	21,442	4.5%	-	-	N/M
Trade and other receivables	13,309	16,302	-18.4%	4,611	4,389	5.1%
Prepaid operating expenses	329	280	17.5%	73	7	942.9%
Cash and cash equivalents	5,677	4,236	34.0%	176	113	55.8%
Total current assets	41,714	42,260	-1.3%	4,860	4,509	7.8%
TOTAL ASSETS	59,261	57,042	3.9%	34,329	33,980	1.0%
EQUITY AND LIABILITIES						
Equity						
Share capital	28,739	28,739	0.0%	28,739	28,739	0.0%
Treasury shares	(38)	(345)	-89.0%	(38)	(345)	-89.0%
Retained earnings	6,260	6,539	-4.3%	1,464	1,573	-6.9%
Other reserves	(4,971)	(4,828)	3.0%	(682)	(574)	18.8%
Total equity	29,990	30,105	-0.4%	29,483	29,393	0.3%
Non-current liabilities						
Deferred tax liabilities	39	39	0.0%	-	-	N/M
Loans and borrowings	7,910	5,830	35.7%	-	-	N/M
Employment benefits	1,001	877	14.1%	-	-	N/M
Total non-current liabilities	8,950	6,746	32.7%	-	-	N/M
Current liabilities						
Trade and other payables	8,258	7,038	17.3%	4,751	4,433	7.2%
Accrued operating expenses	1,195	1,333	-10.4%	95	154	-38.3%
Amount due to related parties	23	7	228.6%	-	-	N/M
Loans and borrowings	10,785	11,694	-7.8%	-	-	N/M
Income tax payables	60	119	-49.6%	-	-	N/M
Total current liabilities	20,321	20,191	0.6%	4,846	4,587	5.6%
TOTAL EQUITY AND LIABILITIES	59,261	57,042	3.9%	34,329	33,980	1.0%

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

	Group	
	As at 31-Mar-16	As at 31-Dec-15
	US$'000	US$'000
SECURED		
Amount repayable within 1 year or less, or on demand	10,785	11,694
Amount repayable after 1 year	7,910	5,830
UNSECURED		
Amount repayable within 1 year or less, or on demand	-	-
Amount repayable after 1 year	-	-

Details of any collaterals

Mortgage loans are secured against freehold land, freehold properties and leasehold properties.
Finance lease obligations are secured against the assets purchased.
Borrowings are secured by corporate guarantees from the Company and/or a debenture over the assets of a subsidiary.

1 (c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	3 months ended 31-Mar-2016	3 months ended 31-Mar-2015
	US$'000	US$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(248)	882
Adjustments for:		
Post employment benefit liabilities	124	26
Depreciation of property, plant and equipment	285	317
Exchange differences	(15)	(166)
Interest expense	172	195
Inventory written off	3	2
Loss on disposal of a subsidiary	19	-
Operating profit before working capital changes	340	1,256
In inventories	(960)	406
In trade and other receivables	2,974	(2,064)
In deposits and prepayment	(49)	(221)
In trade and other payables	1,220	(1,380)
In accruals	(138)	(141)
In amount due to / from related parties	16	31
	3,063	(3,369)
CASH GENERATED FROM OPERATIONS	3,403	(2,113)
Net Income tax paid	(90)	(104)
Interest paid	(172)	(195)
Net cash generated from/(used in) operating activities	3,141	(2,412)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of intangible assets	(2,192)	-
Proceeds from disposal of property, plant and equipment	-	3
Purchase of property, plant and equipment	(194)	(46)
Net cash used in investing activities	(2,386)	(43)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of trade financing	(16,879)	(16,181)
Proceeds from trade financing	15,304	17,249
Repayment of term loan	(1,280)	(378)
Proceeds from term loan	3,661	-
Repayment of obligation under finance lease	(120)	(126)
Net cash generated from financing activities	686	564
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,441	(1,891)
Effect of exchange rate changes on cash and cash equivalents	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	4,236	5,832
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	5,677	3,941
Cash and cash equivalents in the consolidated statement of cash flows comprise the following balance sheet amounts:		
Bank balances, fixed deposits and cash	5,677	3,941
	5,677	3,941

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 capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of changes in equity for the Group

Group	Share capital	Treasury shares	Capital reserves	Retained earnings	Fair value reserves	Foreign currency translation reserves	Employee benefits plan reserve	Total Equity
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 01-Jan-2016	28,739	(345)	(524)	6,539	-	(4,193)	(111)	30,105
Total comprehensive income for the period	-	-	-	(279)	-	(34)	-	(313)
Treasury shares re-issued	-	307	(109)	-	-	-	-	198
Balance at 31-Mar-2016	28,739	(38)	(633)	6,260	-	(4,227)	(111)	29,990
Balance at 01-Jan-2015	28,739	(345)	(524)	7,808	59	(4,154)	(154)	31,429
Total comprehensive income for the period	-	-	-	692	(55)	(96)	-	541
Dividend paid	-	-	-	-	-	-	-	-
Balance at 31-Mar-2015	28,739	(345)	(524)	8,500	4	(4,250)	(154)	31,970

Statement of changes in equity for the Company

Company	Share Capital	Treasury Shares	Capital Reserves	Retained earnings	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 01-Jan-2016	28,739	(345)	(574)	1,573	29,393
Total comprehensive income for the period	-	-	-	(109)	(109)
Treasury shares re-issued	-	307	(108)	-	199
Balance at 31-Mar-2016	28,739	(38)	(682)	1,464	29,483
Balance at 01-Jan-2015	28,739	(345)	(574)	1,319	29,139
Total comprehensive income for the period	-	-	-	(64)	(64)
Balance at 31-Mar-2015	28,739	(345)	(574)	1,255	29,075

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, if any, against the total number of issued shares excluding 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.

There were no changes in the issued share capital of the Company during 1Q FY2016 except as disclosed below:

As announced on 11 December 2015, the Company's wholly-owned subsidiary Hao Mart Pte. Ltd. (previously known as IMS Corporation Pte. Ltd.), entered into an asset purchase agreement for the acquisition of a minimart business by S$0.8 million cash and another S$0.2 million by the transfer of 333,334 treasury shares in the Company to the vendor at S$0.60 per share.

As announced on 24 December 2015, the Company's wholly-owned subsidiary Hao Mart Pte. Ltd., entered into an asset purchase agreement for the acquisition of a minimart business by S$0.12 million cash and another S$0.08 million by the transfer of 133,334 treasury shares in the Company to the vendor at S$0.60 per share.

As at 31 March 2016, there were 57,477 treasury shares held by the Company with a total consideration of US$0.04m (31 December 2015: 524,145 treasury shares worth US$0.3m). These shares were held as treasury shares and deducted against shareholders' equity. There was no purchase of ordinary shares to be held as treasury shares since 1Q FY2012 (1Q FY2011: NIL).

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 financial year.

	As at 31-Mar-16	As at 31-Dec-15
	'000	'000
Total number of issued shares	131,798	131,798
Total number of treasury shares	(57)	(524)
Total number of issued shares excluding treasury shares	131,741	131,274

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.

Please refer to 1(d)(ii)

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

This consolidated financial information has not been audited nor reviewed by the external auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of 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 and Company have applied the same accounting policies and methods of computations in the financial statements for the current financial year and is consistent with those of the most recent audited financial statements for the financial year ended 31 December 2015 except for the adoption of the new and revised Financial Reporting Standards which became effective for the financial period beginning on or after 1 January 2016. The adoption of these new and revised accounting standards did not give rise to any significant impact on the financial statements for the financial year ended 31 December 2016.

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.

The Group and the Company have adopted the new and revised Financial Reporting Standards (FRS) which are effective for its financial year beginning 1 January 2016. These changes in accounting policies are assessed to have no material impact to the current or prior results of the Group and of the Company.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends; (a) Based on weighted average number of shares and (b) On a fully diluted basis (detailing any adjustments made to the earnings).

	Group	
	3 months ended 31-Mar-2016	3 months ended 31-Mar-2015
Weighted average number of shares in issue ('000)	131,740	131,274
Earnings per share (US cents)	(0.21)	0.53

Note: The weighted average number of shares is computed based on issued shares excluding treasury shares.

7. Net asset value (for the Issuer and Group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year of the Group and Company.

	Group		Company	
	As at 31-Mar-16	As at 31-Dec-15	As at 31-Mar-16	As at 31-Dec-15
Number of shares in issue ('000)	131,740	131,274	131,740	131,274
Net assets value per ordinary share (US cents)	22.76	22.93	22.38	22.39

Note: The weighted average number of shares is computed based on issued shares excluding treasury shares.

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 cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

REVIEW OF PERFORMANCE

a) Income Statement

1Q FY2016 sales decreased by 20.1% to US$16.6m as compared to 1Q FY2015 sales of US$20.8m. The decrease in sales was mainly due to a drop of US$5.5m sales from the printed circuit board & kitting business which was partly mitigated by US$1.9m in sales from the new minimart business. Gross profit decreased from US$2.9m in 1Q FY2015 to US$1.9m in 1Q FY2016. Gross margin decreased from 13.9% in 1Q FY2015 to 11.7% in 1Q FY2016 mainly due to the change in product mix and the new minimart business.
Administrative expenses increased by 12.0% in 1Q FY2016 as compared to 1Q FY2015 due to additional expenses from the minimart business. Finance cost and other expenses are at par compared to 1Q FY2015.

b) Balance Sheet

During 1Q FY2016, the value of investment properties in Malaysia increased by 7.5% or US$0.4m from 4Q FY2015. This is due to the translation of Malaysian Ringgit into USD as the Malaysian Ringgit had strengthen against USD during the period. Intangible assets increased by 130.5% from 4Q FY2015 to 1Q FY2016 due to the goodwill arising from the acquisition of minimart business.
Trade and other receivables decreased by US$3.0m from US$16.3m as at 4Q FY2015 to US$13.3m 1Q FY2016 in line with lower sales during the period.
Trade and other payables increased by US$1.2m from US$7.0m as at 4Q FY2015 to US$8.2m as at 1Q FY2016.

c) Cash flow statement

During 1Q FY2016, the net cash generated from operating activities was US$3.1m compared to net cash used of US$2.4m for 1Q FY2015 due to collection from trade receivables.
Net cash of US$2.4m used in investing activities was for the acquisition of minimart business and property, plant and equipment.
Net cash of US$0.7m generated from financing activities mainly due to proceeds from a term loan.
Cash on hand was higher at US$5.7m as at 1Q FY2016 compared to US$3.9m as at 1Q FY2015.

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 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 report period and the next 12 months.

The Board expects the business environment in the avionics industry to be challenging in the next 12 months. The Group's new minimart business has commenced this quarter and is expected to contribute to the Group's performance for the next 12 months. Barring any unforseen circumstances, the Board is cautiously optimistic about the Group's performance in 2016.

11. If a decision regarding dividend has been made.

(a) Current Financial Period Reported On

Nil

(b) Corresponding Period of the Immediately Preceding Financial Year

Nil

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

Not applicable.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group does not have a general mandate for interested person transactions under Rule 920.

14. Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual.

Pursuant to Rule 705(5) of the SGX-ST Listing Manual, we, Dr Tan Kim Yong and Tan Gim Seng, being Directors of Advanced Integrated Manufacturing Corp. Ltd. ("the Company") do hereby confirm on behalf of the Board of Directors of the Company that, to the best of their knowledge, nothing has came to the attention of the Board of Directors of the Company which may render the Group's unaudited financial statements for the first quarter ended 31 March 2016 to be false or misleading in any material aspect.

On behalf of the Board of Directors:

Dr Tan Kim Yong
Group Chairman and CEO

Tan Gim Seng
Executive Director

BY ORDER OF THE BOARD
Ong Beng Hong
Company Secretary
13 May 2016