ADVANCED INTEGRATED MANUFACTURING CORP. LTD.

Registration No: 200405216C

UNAUDITED FINANCIAL STATEMENTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 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			Group		
	3Q FY2016 US$'000	3Q FY2015 US$'000	Increase/ (Decrease) %	9 months ended 30-Sep-2016 US$'000	9 months ended 30-Sep-2015 US$'000	Increase/ (Decrease) %
Revenue	17,815	18,021	-1.1%	52,943	57,284	-7.6%
Cost of sales	(16,135)	(16,029)	0.7%	(46,801)	(49,937)	-6.3%
Gross profit	1,680	1,992	-15.7%	6,142	7,347	-16.4%
Other revenue	48	36	33.3%	109	179	-39.1%
Marketing and distribution	(3)	(22)	-86.4%	(22)	(67)	-67.2%
Administrative expenses	(2,334)	(1,770)	31.9%	(6,583)	(5,478)	20.2%
Other expenses	(115)	(207)	-44.4%	(200)	(221)	-9.5%
Finance cost	(211)	(171)	23.4%	(639)	(603)	6.0%
(Loss)/Profit before tax	(935)	(142)	558.5%	(1,193)	1,157	N/M
Income tax expenses	83	(275)	N/M	(129)	(618)	-79.1%
(Loss)/Profit after tax attributable to owners of the Company	(852)	(417)	104.3%	(1,322)	539	N/M

STATEMENT OF COMPREHENSIVE INCOME

	Group			Group		
	3Q FY2016 US$'000	3Q FY2015 US$'000	Increase/ (Decrease) %	9 months ended 30-Sep-2016 US$'000	9 months ended 30-Sep-2015 US$'000	Increase/ (Decrease) %
(Loss)/Profit for the period	(852)	(417)	104.3%	(1,322)	539	N/M
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss						
Foreign currency translation	(9)	6	N/M	(24)	(36)	-33.3%
Net loss on fair value changes of available-for-sale financial assets	-	-	N/M	-	(59)	N/M
Total comprehensive income for the period attributable to owners of the Company	(861)	(411)	109.5%	(1,346)	444	N/M

1 (a) (ii) NOTES TO INCOME STATEMENT

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

	Group			Group		
	3Q FY2016 US$'000	3Q FY2015 US$'000	Increase/ (Decrease) %	9 months ended 30-Sep-2016 US$'000	9 months ended 30-Sep-2015 US$'000	Increase/ (Decrease) %
Depreciation of property, plant and equipment	(327)	(312)	4.8%	(909)	(951)	-4.4%
Gain on disposal of available-for-sale financial assets	-	(6)	N/M	-	86	N/M
Gain on disposal of property, plant and equipment	-	16	N/M	-	26	N/M
Net foreign exchange loss	(116)	(207)	-44.0%	(181)	(221)	-18.1%
Interest income	1	2	-50.0%	7	9	-22.2%
Interest expense	(195)	(156)	25.0%	(568)	(557)	2.0%
Inventory written off	(17)	-		(26)	(12)	116.7%
Post employment benefit liabilities	(58)	5	N/M	(238)	(60)	296.7%
Loss on disposal of a subsidiary	-	-	N/M	(20)	-	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 30-Sep-16	As at 31-Dec-15	Increase/ (Decrease)	As at 30-Sep-16	As at 31-Dec-15	Increase/ (Decrease)
	US$'000	US$'000	%	US$'000	US$'000	%
ASSETS						
Non-current assets						
Property, plant and equipment	9,447	6,868	37.6%	24	31	-22.6%
Investment in subsidiary companies	-	-	N/M	29,394	29,394	0.0%
Investment properties	5,840	5,674	2.9%	-	-	N/M
Intangible assets	4,512	1,832	146.3%	-	-	N/M
Deferred tax assets	408	408	0.0%	46	46	0.0%
Total non-current assets	20,207	14,782	36.7%	29,464	29,471	0.0%
Current assets						
Inventories	23,603	21,442	10.1%	-	-	N/M
Trade and other receivables	9,999	16,302	-38.7%	4,555	4,389	3.8%
Prepaid operating expenses	135	280	-51.8%	31	7	342.9%
Cash and cash equivalents	4,022	4,236	-5.1%	92	113	-18.6%
Total current assets	37,759	42,260	-10.7%	4,678	4,509	3.7%
TOTAL ASSETS	57,966	57,042	1.6%	34,142	33,980	0.5%
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	4,090	6,539	-37.5%	102	1,573	-93.5%
Other reserves	(5,065)	(4,828)	4.9%	(786)	(574)	36.9%
Total equity	27,726	30,105	-7.9%	28,017	29,393	-4.7%
Non-current liabilities						
Deferred tax liabilities	35	39	-10.3%	-	-	N/M
Loans and borrowings	8,064	5,830	38.3%	-	-	N/M
Employment benefits	1,115	877	27.1%	-	-	N/M
Total non-current liabilities	9,214	6,746	36.6%	-	-	N/M
Current liabilities						
Trade and other payables	8,451	7,038	20.1%	5,257	4,433	18.6%
Accrued operating expenses	1,206	1,333	-9.5%	112	154	-27.3%
Amount due to related parties	765	7	10828.6%	756	-	N/M
Loans and borrowings	10,581	11,694	-9.5%	-	-	N/M
Income tax payables	23	119	-80.7%	-	-	N/M
Total current liabilities	21,026	20,191	4.1%	6,125	4,587	33.5%
TOTAL EQUITY AND LIABILITIES	57,966	57,042	1.6%	34,142	33,980	0.5%

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

	Group	
	As at 30-Sep-16	As at 31-Dec-15
	US$'000	US$'000
SECURED		
Amount repayable within 1 year or less, or on demand	10,581	11,694
Amount repayable after 1 year	8,064	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		Group	
	3Q FY2016	3Q FY2015	9 months ended 30-Sep-2016	9 months ended 30-Sep-2015
	US$'000	US$'000	US$'000	US$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/Profit before taxation	(935)	(142)	(1,193)	1,157
Adjustments for:				
Post employment benefit liabilities	58	(76)	238	(11)
Depreciation of property, plant and equipment	327	308	909	947
Exchange differences	220	127	(9)	42
Gain on disposal of available-for-sale investments	-	6	-	(86)
Interest expense	195	156	568	557
Interest income	(1)	(2)	(7)	(9)
Inventory written off	17	-	26	12
Gain on disposal of property, plant and equipment	-	(16)	-	(26)
Loss on disposal of a subsidiary	1	-	20	-
Operating (Loss)/profit before working capital changes	(118)	361	552	2,583
In inventories	(1,221)	1,502	(2,187)	1,361
In trade and other receivables	2,869	2,069	6,283	399
In deposits and prepayment	137	-	145	(120)
In trade and other payables	(669)	(1,737)	1,413	(3,906)
In accruals	(21)	(37)	(127)	(129)
In amount due to / from related parties	(2)	20	(3)	27
	1,093	1,817	5,524	(2,368)
CASH GENERATED FROM OPERATIONS	975	2,178	6,076	215
Net Income tax paid	(79)	(229)	(229)	(584)
Interest paid	(195)	(156)	(568)	(557)
Interest received	1	2	7	9
Net cash generated from/(used in) operating activities	702	1,795	5,286	(917)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of intangible assets	(100)	-	(2,586)	-
Proceeds from disposal of available-for-sale investments	-	154	-	154
Proceeds from disposal of a subsidiary	-	155	-	155
Proceeds from disposal of property, plant and equipment	-	(88)	-	-
Purchase of property, plant and equipment	(2,842)	(19)	(3,426)	(312)
Net cash (used in)/generated from investing activities	(2,942)	202	(6,012)	(3)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of trade financing	(12,652)	(19,038)	(43,196)	(53,746)
Proceeds from trade financing	12,913	18,451	41,564	55,302
Repayment of term loan	(905)	(304)	(3,236)	(1,047)
Proceeds from term loan	1,711	-	6,034	-
Repayment of obligation under finance lease	(107)	(118)	(332)	(415)
Proceeds from finance lease	44	-	44	-
Proceeds from short term loan from related party	-	(42)	761	719
Dividends paid	-	-	(1,127)	(1,144)
Net cash (used in)/generated from financing activities	1,004	(1,051)	512	(331)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1,236)	946	(214)	(1,251)
Effect of exchange rate changes on cash and cash equivalents	-	-	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	5,258	3,635	4,236	5,832
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	4,022	4,581	4,022	4,581
Cash and cash equivalents in the consolidated statement of cash flows comprise the following balance sheet amounts:				
Bank balances, fixed deposits and cash	4,022	4,581	4,022	4,581
	4,022	4,581	4,022	4,581

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-issue	-	307	(109)	-	-	-	-	198
Balance at 31-Mar-2016	28,739	(38)	(633)	6,260	-	(4,227)	(111)	29,990
Total comprehensive income for the period	-	-	-	(191)	-	-	-	(191)
Foreign currency translation	-	-	-	-	-	19	-	19
Dividend paid	-	-	-	(1,127)	-	-	-	(1,127)
Balance at 30-Jun-2016	28,739	(38)	(633)	4,942	-	(4,208)	(111)	28,691
Total comprehensive income for the period	-	-	-	(852)	-	-	-	(852)
Treasury shares adjustment	-	-	(104)	-	-	-	-	(104)
Foreign currency translation	-	-	-	-	-	(9)	-	(9)
Balance at 30-Sep-2016	28,739	(38)	(737)	4,090	-	(4,217)	(111)	27,726
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
Balance at 31-Mar-2015	28,739	(345)	(524)	8,500	4	(4,250)	(154)	31,970
Total comprehensive income for the period	-	-	-	264	(4)	54	-	314
Dividend paid	-	-	-	(1,144)	-	-	-	(1,144)
Balance at 30-Jun-2015	28,739	(345)	(524)	7,620	-	(4,196)	(154)	31,140
Total comprehensive income for the period	-	-	-	(417)	-	6	-	(411)
Balance at 30-Sep-2015	28,739	(345)	(524)	7,203	-	(4,190)	(154)	30,729
Profit for the financial year	-	-	-	(664)	-	(3)	-	(667)
Remeasurement of defined benefit	-	-	-	-	-	-	43	43
Balance at 31-Dec-2015	28,739	(345)	(524)	6,539	-	(4,193)	(111)	30,105

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
Total comprehensive income for the period	-	-	-	(144)	(144)
Dividend paid	-	-	-	(1,127)	(1,127)
Balance at 30-Jun-2016	28,739	(38)	(682)	193	28,212
Total comprehensive income for the period	-	-	-	(91)	(91)
Treasury shares adjustment	-	-	(104)	-	(104)
Balance at 30-Sep-2016	28,739	(38)	(786)	102	28,017
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
Total comprehensive income for the period	-	-	-	(102)	(102)
Dividend paid	-	-	-	(1,144)	(1,144)
Balance at 30-Jun-2015	28,739	(345)	(574)	9	27,829
Total comprehensive income for the period	-	-	-	85	85
Dividend paid	-	-	-	-	-
Balance at 30-Sep-2015	28,739	(345)	(574)	94	27,914
Profit for the financial year	-	-	-	1,479	1,479
Dividend paid	-	-	-	-	-
Balance at 31-Dec-2015	28,739	(345)	(574)	1,573	29,393

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.

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 30 June 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 30 Sep-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.

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	
	9 months ended 30-Sep-2016	9 months ended 30-Sep-2015
Weighted average number of shares in issue ('000)	131,740	131,274
(Loss)/Earnings per share (US cents)	(1.00)	0.41

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 30-Sep-16	As at 31-Dec-15	As at 30-Sep-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)	21.05	22.93	21.27	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

Sales dropped slightly from US$18m in 3Q FY2015 to US$17.8m in 3Q FY2016 which was mainly due to decrease in sales from the printed circuit board & kitting business by US$5.3m, offset by an increase in sales of US$5.1m from the new minimart business. 3Q FY2016 gross profit and gross profit margin decreased from US$1.9m in 3Q FY2015 to US$1.6m in 3Q FY2016.

Administrative expenses increased by 31.9% in 3Q FY2016 as compared to 2Q FY2015 due to additional headcounts and other expenses incurred to support the expansion of new minimart business. Finance costs were 23.4% higher than that of $0.1m in 3Q FY2015 due to new loan taken to finance the minimart business.

Other expenses decreased by 44.4% to US$0.1m in 3Q FY2016 mainly due to higher unrealised exchange loss included in 3Q FY2015 as a result of weakening of Malaysia Ringgit during that period.

b) Balance Sheet

Property, plant and equipment increased by US$2.6m to US$9.4m as at 3Q FY2016 mainly due to acquisition of factory for UK subsidiary. Intangible assets increased by 146.3% from 4Q FY2015 to 3Q FY2016 due to the goodwill arising from the acquisition of minimart business.

Level of inventory increased slightly by US$ 0.2m to US$23m in 3Q FY2016 which was in line with the expansion of new minimart business. Trade and other receivables decreased by US$6.4m from US$16.3m as at 4Q FY2015 to US$9.9m as at 3Q FY2016 due to lower sales during the period and sales from minimart business are mainly on cash basis.

Trade and other payables increased by US$1.4m from US$7.0m to US$8.4m as at 3Q FY2016 mainly because of higher trade in new minimart busines which was in line with the higher volume. Included in amount due to related parties was advances from a director.

c) Cash flow statement

During 3Q FY2016, the net cash generated from operating activities was US$0.7m as compared to net cash generated of US$1.8m for 3Q FY2015 due to an increase in inventory for the new minimart business.

Net cash outflows of US$2.9m in investing activities was mainly due to acquisition of new factory in UK subsidiary.

Net cash inflows of US$1m in financing activities was mainly due to net proceeds from bank loans.

Cash on hand was slighly lower at US$4m as at 3Q FY2016 compared to US$4.6m as at 3Q 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 since the beginning of the year and is expected to contribute to the Group's performance for the next 12 months.

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 second quarter and half year ended 30 June 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
14 November 2016