

SGXNET Announcement



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

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1. Financial Statements

1(a)(i). Consolidated Income Statement

	Note	Quarterly Results			YTD Results		
		3Q2016 S\$'000	3Q2015 S\$'000	Change* %	9M2016 S\$'000	9M2015 S\$'000	Change* %
Revenue		21,299	12,533	69.9%	50,601	33,071	53.0%
Other income	A.1	57	393	-85.5%	183	947	-80.7%
		21,356	12,926	65.2%	50,784	34,018	49.3%
Changes in inventories of finished goods and work-in-progress	A.2	(2,596)	(3,076)	15.6%	3,599	1,360	164.6%
Raw materials and other consumables	A.2	(11,084)	(4,446)	-149.3%	(35,066)	(19,267)	-82.0%
Staff costs		(3,361)	(3,152)	-6.6%	(9,590)	(9,279)	-3.4%
Depreciation of property, plant and equipment		(159)	(214)	25.7%	(540)	(732)	26.2%
Amortisation of intangible assets		(38)	(70)	45.7%	(129)	(198)	34.8%
Other expenses		(1,200)	(1,438)	16.6%	(4,095)	(4,661)	12.1%
Finance expenses		(5)	(7)	28.6%	(16)	(18)	11.1%
Profit before taxation		2,913	523	457.0%	4,947	1,223	304.5%
Income tax expenses		(441)	-	NM	(896)	(3)	NM
Share of loss of an associate		(230)	-	NM	(230)	-	NM
Profit for the period		2,242	523	328.7%	3,821	1,220	213.2%
<u>Other comprehensive income</u>							
Translation gain/ (loss) relating to financial statements of foreign subsidiaries, net of tax		174	93	87.1%	(687)	(20)	-3335.0%
Effect of liquidation and disposal of dormant subsidiaries		-	-	NM	(645)	-	NM
Other comprehensive gain/ (loss) for the period, net of tax		174	93	87.1%	(1,332)	(20)	-6560.0%
Total comprehensive income for the period		2,416	616	292.2%	2,489	1,200	107.4%

* Increase/(Decrease) Earnings
NM: Not Meaningful

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

Total comprehensive income attributable to:

Owners of the Company		2,416	616	292.2%	2,489	1,200	107.4%
Total comprehensive income for the period		2,416	616	292.2%	2,489	1,200	107.4%

* 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		
		3Q2016 S\$'000	3Q2015 S\$'000	Change* %	9M2016 S\$'000	9M2015 S\$'000	Change* %
Government grant income		-	-	NM	88	37	137.8%
Interest income		1	18	-94.4%	15	50	-70.0%
Rental income	(a)	-	-	NM	17	261	-93.5%
Exchange gain/ (loss), net	(b)	39	469	-91.7%	(561)	536	-204.7%
Allowance for doubtful debts provided		-	(77)	100.0%	-	(79)	100.0%
Allowance for inventory obsolescence reversed /(provided)	(c) , A.2	133	(422)	131.5%	600	(715)	183.9%
Loss on liquidation of a dormant subsidiary	(d)	-	-	NM	(15)	-	NM
Gain/ (loss) on disposal of property, plant and equipment		-	3	-100.0%	(26)	20	-230.0%

* 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 the rental income for 9M2016 was lower than 9M2015.

A.1(b) The foreign exchange gains in 3Q2016 arose mainly due to appreciation of the United States dollar against the Singapore dollar and Malaysian Ringgit, resulting from the translation of our working capital.

A.1(c) In 3Q2016 and 9M2016, there were reversals of allowance for inventory obsolescence due to 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 in 1Q2016.

A.2 Raw Material and Other Consumables

	Quarterly Results			YTD Results		
	3Q2016 S\$'000	3Q2015 S\$'000	Change* %	9M2016 S\$'000	9M2015 S\$'000	Change* %
Changes in inventories of finished goods and work-in-progress excluding allowance for inventory obsolescence	(2,729)	(2,654)	-2.8%	2,999	2,075	44.5%
Raw materials and consumables cost	(11,084)	(4,446)	-149.3%	(35,066)	(19,267)	-82.0%
Material cost before obsolescence	(13,813)	(7,100)	-94.5%	(32,067)	(17,192)	-86.5%
Allowance for inventory obsolescence reversed /(provided)	133	(422)	131.5%	600	(715)	183.9%
Total	(13,680)	(7,522)	-81.9%	(31,467)	(17,907)	-75.7%

* 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\$7.1 million in 3Q2015 to S\$13.8 million in 3Q2016, representing an increase of 94.5% and increased from S\$17.9 million in 9M2015 to S\$32.1 million in 9M2016, representing an increase of 86.5%. The increase in raw materials and other consumables cost in 3Q2016 and 9M2016 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-Sep-16 S\$'000	31-Dec-15 S\$'000	30-Sep-16 S\$'000	31-Dec-15 S\$'000
Non-current assets					
Property, plant and equipment	B.1	1,760	3,236	43	51
Intangible assets		82	217	6	37
Subsidiaries		-	-	10,194	10,194
Associate	B.2	3,770	-	3,770	-
Deferred tax asset	B.3	328	1,115	328	328
		5,940	4,568	14,341	10,610
Current assets					
Assets held for sale	B.1	-	2,551	-	-
Inventories	B.4	12,198	8,896	-	-
Trade and other receivables	B.5	16,360	10,375	4,652	3,809
Cash and cash equivalents	B.6	8,405	10,363	1,211	3,680
		36,963	32,185	5,863	7,489
Total assets		42,903	36,753	20,204	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)	(19,459)	(13,075)	(717)	(259)
Accumulated gains/ (losses)	1(d)(i)	5,597	(2,160)	(20,314)	(22,711)
Total equity		25,875	24,502	18,706	16,767
Non-current liabilities					
Financial liabilities	1(b)(ii)	27	86	-	-
Provision		219	261	-	16
Deferred tax liabilities		42	43	-	-
		288	390	-	16
Current liabilities					
Trade and other payables	B.7	15,881	11,122	1,417	1,235
Financial liabilities	1(b)(ii)	79	76	-	-
Current tax payable		579	453	81	81
Provisions		201	210	-	-
		16,740	11,861	1,498	1,316
Total liabilities		17,028	12,251	1,498	1,332
Total equity and liabilities		42,903	36,753	20,204	18,099

- B.1** In 1Q2016, the Group entered into an agreement to dispose of its plating business. Property in Malacca that was classified as asset held for sale in FY2015 was disposed of in 2Q2016.
- B.2** In 2Q2016, the Group acquired 21.1% stake in Novoflex Pte Ltd thus an investment in Associate was recorded. In 3Q2016, the Group started equity accounting for the share of associate's profit or loss.
- B.3** The decrease in deferred tax asset was mainly due to the utilisation as a result of the profit made in 9M2016.
- 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 3Q2016.
- 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-Sep-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	27	86
Total	106	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	3Q2016 S\$'000	3Q2015 S\$'000	9M2016 S\$'000	9M2015 S\$'000
Operating activities					
Profit for the period		2,242	523	3,821	1,220
Adjustments for:					
Depreciation and amortisation		197	283	669	930
(Gain)/ loss on disposal of property, plant and equipment		-	(3)	26	(20)
Fixed asset written off		-	-	4	-
Loss on liquidation of a subsidiary		-	98	15	98
Reversal of allowance made for inventories obsolescence		(133)	-	(600)	(7)
Allowance for doubtful debts and bad debts written off		-	77	-	79
Interest income		(1)	(18)	(15)	(50)
Interest expense		5	7	16	18
Provision (reversed)/ made for warranties		(34)	15	(43)	335
Issue of share options		29	-	29	-
Performance shares expense		-	-	-	283
Tax expense		441	-	896	3
Share of associate's loss		230	-	230	-
Operating profit before working capital changes		2,976	982	5,048	2,889
Changes in working capital:					
Inventories		2,483	2,622	(3,033)	(1,987)
Trade and other receivables		(4,463)	516	(6,719)	(1,214)
Trade and other payables		759	(1,239)	4,531	(2,121)
Cash from/ (used in) operations		1,755	2,881	(173)	(2,433)
Government grant received		-	-	88	37
Income tax recovered/ (paid)		141	(88)	141	(88)
Cash flows from/ (used in) operating activities		1,896	2,793	56	(2,484)
Investing activities					
Interest income		1	18	15	50
Purchase of property, plant and equipment		-	(40)	(295)	(218)
Proceeds from sale of property, plant and equipment		1,128	-	1,128	-
Disposal of dormant subsidiary		124	-	2,675	-
Acquisition of intangible assets		-	(54)	(1)	(62)
Acquisition of associate		-	-	(4,000)	-
Net cash from/ (used in) investing activities		1,253	(76)	(478)	(230)

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

	Note	3Q2016 S\$'000	3Q2015 S\$'000	9M2016 S\$'000	9M2015 S\$'000
Financing activities					
Interest expense		(5)	(7)	(16)	(18)
Purchase of treasury shares		(225)	(11)	(487)	(11)
Repayment of finance lease liabilities		(19)	(49)	(57)	(5)
Dividend paid		(218)	-	(658)	-
Net cash used in financing activities		(467)	(67)	(1,218)	(34)
Net increase/ (decrease) in cash and cash equivalents		2,682	2,650	(1,640)	(2,748)
Cash and cash equivalents at beginning of period		5,786	5,753	10,363	11,152
Effect of exchange rate changes on balances held in foreign currencies		(63)	42	(318)	41
Cash and cash equivalents at end of period		8,405	8,445	8,405	8,445

Explanatory Notes on Cash Flow Statement

Cash and cash equivalents increased in 3Q2016 as compared to 2Q2016 (S\$5.8 million) mainly due to operating gain and proceeds from sale of plating business in 3Q2016. The Company paid a final dividend of \$440,000 (1 cent per share) in May 2016 for FY2015 and an interim dividend of S\$218,000 (0.5 cent per share) in July 2016.

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 Equity S\$'000
Group							
As at 1 Jan 2015	39,737	(691)	214	230	(13,621)	(7,942)	17,927
Changes in equity for the period							
Total comprehensive income	-	-	-	-	216 *	229	445
As at 31 Mar 2015	39,737	(691)	214	230	(13,405)	(7,713)	18,372
Performance Share Plan shares issuance	-	283	-	-	-	-	283
Total comprehensive (loss)/ income	-	-	-	-	(329)*	468	139
As at 30 Jun 2015	39,737	(408)	214	230	(13,734)	(7,245)	18,794
Own shares acquired	-	(11)	-	-	-	-	(11)
Disposal of dormant subsidiaries	-	-	-	-	98	-	98
Total comprehensive income	-	-	-	-	93 *	523	616
As at 30 Sep 2015	39,737	(419)	214	230	(13,543)	(6,722)	19,497

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

	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 Equity S\$'000
Group							
As at 1 Jan 2016	39,737	(489)	214	230	(13,030)	(2,160)	24,502
Changes in equity for the period							
Profit for the period	-	-	-	-	-	241	241
Foreign currency translation differences	-	-	-	-	(424)*	-	(424)
Liquidation of a dormant subsidiary	-	-	-	-	15	-	15
Total comprehensive (loss)/ income for the period	-	-	-	-	(409)	241	(168)
Own shares acquired	-	(105)	-	-	-	-	(105)
Total transactions with owners for the period	-	(105)	-	-	-	-	(105)
As at 31 Mar 2016	39,737	(594)	214	230	(13,439)	(1,919)	24,229
Profit for the period	-	-	-	-	-	1,338	1,338
Foreign currency translation differences	-	-	-	-	(437)*	-	(437)
Disposal of a dormant subsidiary	-	-	-	-	(5,254)	4,594	(660)
Total comprehensive (loss)/ income for the period	-	-	-	-	(5,691)	5,932	241
Own shares acquired	-	(157)	-	-	-	-	(157)
Dividend declared	-	-	-	-	-	(440)	(440)
Total transactions with owners for the period	-	(157)	-	-	-	(440)	(597)
As at 30 Jun 2016	39,737	(751)	214	230	(19,130)	3,573	23,873
Profit for the period	-	-	-	-	-	2,242	2,242
Foreign currency translation differences	-	-	-	-	174 *	-	174
Disposal of a dormant subsidiary	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	174	2,242	2,416
Issue of share options	-	-	-	29	-	-	29
Own shares acquired	-	(225)	-	-	-	-	(225)
Dividend declared	-	-	-	-	-	(218)	(218)
Total transactions with owners for the period	-	(225)	-	29	-	(218)	(414)
As at 30 Sep 2016	39,737	(976)	214	259	(18,956)	5,597	25,875

* The net exchange difference arose mainly from translation of subsidiaries' net assets and liabilities whose functional currency other than SGD.

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 Equity 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 loss	-	-	-	48	48
As at 30 Sep 2015	39,737	(419)	230	(24,740)	14,808

	Share capital S\$'000	Treasury share reserve S\$'000	Share compensation reserve S\$'000	Retained earnings S\$'000	Total Equity 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
Own shares acquired	-	(225)	-	-	(225)
Dividend declared	-	-	-	(218)	(218)
Total comprehensive income	-	-	-	235	235
Issue of share options	-	-	29	-	29
As at 30 Sep 2016	39,737	(976)	259	(20,314)	18,706

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

	As at 30-Sep-16		As at 31-Dec-15		As at 30-Sep-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	(1,871,100)	(871)	(752,100)	(489)	(492,600)	(419)
Total issued shares less treasury shares reserve at end of period	43,241,529	38,866	44,360,576	39,248	44,620,076	39,318

	As at 30-Sep-16		As at 31-Dec-15		As at 30-Sep-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	(1,119,000)	(382)	(299,500)	(81)	(40,000)	(11)
Issue of treasury shares to management under Performance Share Plan	-	-	312,400	283	312,400	283
Treasury shares balance at end of period	(1,871,100)	(871)	(752,100)	(489)	(492,600)	(419)

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 September 2016, the number of share options of the company outstanding was 326,954 (30 September 2015: nil). During the financial period there were no options being exercised.

1(d)(iv). Treasury Shares

As at 30 September 2016, the treasury shares balance was 1,871,100 (31 December 2015: 752,100). The total number of issued ordinary shares excluding treasury shares at the end of the period was 43,241,529 (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 by the auditors.

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

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.

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	
	3Q2016	3Q2015	9M2016	9M2015
(i) EPS based on weighted average number of ordinary shares in issue	5.16 cents	1.17 cents	8.72 cents	2.74 cents
Weighted average number of shares in issue	43,438,201	44,655,696	43,808,074	44,512,127
(ii) EPS based on a fully diluted basis	5.15 cents	1.17 cents	8.70 cents	2.74 cents
Weighted average number of shares adjusted for the effect of dilutive potential ordinary shares arising from the exercise of share options	43,564,504	44,655,696	43,934,377	44,512,127

7. Net Asset Value Per Share

	Group		Company	
	30-Sep-16	31-Dec-15	30-Sep-16	31-Dec-15
Net asset value per share	59.8 cents	55.2 cents	43.3 cents	37.8 cents

Net asset value per share is calculated based on the existing issued share capital less treasury shares of 43,241,529 ordinary shares as at 30 September 2016 (31 December 2015: 44,360,576 shares).

8. Group Performance Review

	Quarterly Results			YTD Results		
	3Q2016 S\$'000	3Q2015 S\$'000	Change %	9M2016 S\$'000	9M2015 S\$'000	Change %
Equipment Systems (ESS)	19,938	11,217	77.7%	46,191	27,851	65.8%
Precision Components (PCS)	1,361	1,208	12.6%	4,380	4,554	-3.8%
Other Sales & Services (Others)	-	108	-100.0%	30	666	-95.5%
Overall	21,299	12,533	69.9%	50,601	33,072	53.0%

The Group reported higher sales contribution from its Equipment Systems ("ESS") business driven by the increase in adoption of AEM's latest high density test handlers. Sales from ESS were higher by 77.7%, increasing from S\$11.2 million in 3Q2015 to S\$19.9 million in 3Q2016 and increased by 65.9% from S\$27.9 million in 9M2015 to S\$46.2 million in 9M2016.

Sales contribution from the Precision Components ("PCS") business were higher by 12.7%, increasing from S\$1.2 million in 3Q2015 to S\$1.4 million in 3Q2016 due to increased sales from new sale orders and lower by 3.8% from S\$4.6 million in 9M2015 to S\$4.4 million in 9M2016 due to reduced orders from customers in 1Q2016 and 2Q2016.

Other Sales & Services ("Others") reported no sales in 3Q2016 and only S\$30,000 sales in 9M2016. 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 and 3Q2016.

As a result of the above, the Group recorded a 69.9% increase in its total revenue, which rose from S\$12.5 million in 3Q2015 to S\$21.3 million in 3Q2016 and a 53.0% increase in revenue from S\$33.1 million in 9M2015 to S\$50.6 million in 9M2016.

Raw materials and consumables cost, taking into consideration changes in inventories excluding reversal of allowance for inventory obsolescence, increased from S\$7.1 million in 3Q2015 to S\$13.8 million in 3Q2016, representing an increase of 94.5% and increased from S\$17.9 million in 9M2015 to S\$32.1 million in 9M2016, representing an increase of 86.5%. The increase in raw materials and other consumables cost in 3Q2016 and 9M2016 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 25.7% from S\$214,000 in 3Q2015 to S\$159,000 in 3Q2016 and by 26.2% from S\$732,000 in 9M2015 to S\$540,000 in 9M2016 mainly due to lower property, plant and equipment carrying value in 9M2016.

Amortisation of intangible assets was lower by 45.7%, decreasing from S\$70,000 in 3Q2015 to S\$38,000 in 3Q2016 and by 34.8% from S\$198,000 in 9M2015 to S\$129,000 in 9M2016. These were mainly due to lower intangible assets carrying value in 9M2016.

8. Group Performance Review (Cont'd)

The net decrease in other expenses by 16.6% from S\$1.4 million in 3Q2015 to S\$1.2 million in 3Q2016 and by 12.1% from S\$4.7 million in 9M2015 to S\$4.1 million in 9M2016 were mainly due to lower travelling expenses, utilities and other factory overheads incurred in 3Q2016. Office rental costs were lower in 9M2016 as the Group reduced its rental space. Excluding the effect of foreign exchange losses incurred in 9M2016 amounting to S\$561,000 due to the weakening of the United States Dollar against Singapore Dollar and Malaysian Ringgit in 9M2016, other expenses would have reduced from S\$4.1 million to S\$3.5 million in 9M2016.

As a result of the above, profit before tax in 3Q2016 was S\$2.9 million compared to a profit before tax of S\$523,000 in 3Q2015 and profit before tax of S\$4.9 million in 9M2016 as compare to profit before tax of S\$1.2 million in 9M2015. After taking into consideration tax expense of S\$441,000 in 3Q2016 and S\$896,000 in 9M2016 as well as the share of loss relating to our associate that was mainly due to the expenses incurred to acquire the associate and its operating loss in 3Q2016, profit after tax in 3Q2016 was S\$2.2 million compared to the profit after tax of S\$523,000 in 3Q2015 and profit after tax in 9M2016 was S\$3.8 million in 9M2016 compared to the profit after tax of S\$1.2 million in 9M2015.

Analysis of Statement of Financial Position

As at 30 September 2016, the Group had a cash balance of S\$8.4 million compared to its financial liabilities of S\$106,000. Cash and cash equivalents increased in 3Q2016 as compared to 2Q2016 (S\$5.8 million) mainly due to operating gains and proceeds from sale of plating business in 3Q2016.

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 2Q2016 results announcement, we stated "We are optimistic about the group's business performance in the third quarter of 2016 and expects that AEM will continue to operate profitably". The Group was profitable in 3Q2016 and in 9M2016, the profit after tax was S\$2.2 million and S\$3.8 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

The Group continued to operate profitably in the third quarter of FY2016. Compared to the same quarter in the previous financial year, revenue rose by 69.9% to S\$21.3 million (3Q2015: S\$12.5 million) and net profit after tax rose by 328.7% to S\$2.2 million (3Q2015: S\$0.5 million).

On 6 October 2016, the Group announced that its outstanding order book as at 5 October stood at S\$38.3 million for equipment and kits orders to be delivered in the coming year. These orders will contribute to the results of the Group in the quarters ahead.

The Group expects that it will continue to be profitable in the fourth quarter and full year of FY2016.

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

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 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
8 November 2016