

Annual Report 2015

Advanced Integrated Manufacturing Corp. Ltd.

Company Registration No. 200405216C



CONTENTS

Company Background	**03**
Letter to Shareholders	**07**
Board of Directors	**08**
Senior Management	**10**
Awards and Certifications	**11**
Financial Highlights	**12**
Corporate Information	**13**

OUR QUALITY COMMITMENTS



To offer our customers world class products through the practice of

Process Quality Management

COMPANY BACKGROUND

ADVANCED INTEGRATED MANUFACTURING CORP. LTD.

Advanced Integrated Manufacturing Corp. Ltd. ("AIMCorp") and its subsidiaries ("Group") is an electronics manufacturing services ("EMS") provider, with more than 21 years of experience specialising in medium to high-end performance-critical applications. The Group provides services to original equipment manufacturers/multinational corporations ("OEM/MNCs") in the aerospace-avionics, medical/life and analytical science, metal and automotives industries.

Founded in 1994, our principal business activities include performance-critical printed circuit board assembly ("PCBA"), precision machined components ("PMC"), box-build assembly and electromechanical sub-assembly in supply chain management and after-sales services. In 2013, the Group has also diversified into land banking, property investment and development through its wholly-owned Malaysian subsidiary, Vincente Property Sdn Bhd ("Vincente").

In December 2015, one of the Group's wholly-owned subsidiaries, IMS Corporation Pte Ltd, was renamed HAO Mart Pte Ltd ("HAO Mart"). HAO Mart has since diversified into the minimart business. Our first minimart outlet commenced operations on 1 January 2016 at Blk 74 Whampoa Drive #01-332/334/336 Singapore 320074. By 24 March 2016, the Company had entered into 16 asset purchase agreements to take over 16 locations for its minimart business. The additional revenue stream from the above acquisitions is part of the Group's strategy to achieve diversification of the Group's operations and to strengthen the Group's financial position so as to ensure its continued growth and success.

CORPORATION HEADQUARTERS – SINGAPORE

Our Singapore head office is the focal point for corporate development, strategic planning and operations support. In addition, the supply chain management functions covering procurement, production planning, manufacturing, engineering, information technology and logistics.



Our factory for corporate matters is approximately 16,000 sq ft. (built up) in size.

company background

PCBA MANUFACTURING AND KITTING PLANTS – BINTAN AND PENANG

Our PCBA manufacturing and kitting plants (the "Plants") are located in Bintan, Indonesia and Penang, Malaysia. We base our Plants at these locations to keep our manufacturing operations cost low while at the same time maintain a reliable workforce that meets our quality and safety standards. In relation to quality management systems, our Plants have also obtained certifications from various accredited certification bodies.



Factory size for AMC (Bintan): approximately 69,000 sq ft. (built up)



Factory size for AMC (Penang): approximately 16,500 sq ft. (built up)

NCA MANUFACTURING PLANT – JOHOR

New Century Aerospace (Johor) Sdn Bhd, our wholly-owned subsidiary in Malaysia, was incorporated in May 2012. Its principal business activity consists of micro-machining metal fabricating and supply chain management.

In May 2012, the Group purchased a new factory at Setia Eco Garden Business Park in Johor, Malaysia in order to combine the two machining manufacturing sites in Singapore into one. This is part of our continuous efforts to improve operational efficiency and our goal to secure a permanent manufacturing site.

Our precision manufacturing facility specialises in fabricating high mix low volume, cost effective and high quality precision parts for the precision industries.



Factory size for NCA (Johor): approximately 46,000 sq ft. (built up)

company background

COLBREE MANUFACTURING SITES – UNITED KINGDOM (UK)

Formed in 1985, Colbree Engineering Group ("Colbree") has since expanded its service capabilities to producing parts for many leading European manufacturers. Colbree now provides CNC Turning, CNC Milling, CNC Fabrication, Mechanical Assembly and product management from concept up until the market launch.

We are well-equipped to offer a full range of services, including prototyping and development of new products, small batch and preproduction runs, and high volume manufacture. Due to our experience in stock management in many industries, we are able to provide services such as Kan-Ban, ship to stock and other tailored supply programmes to meet our customers' requirements. In addition, Colbree delivers even at critical lead times as it provides 24 hours coverage and optional weekend services.

The Group has entered into a contract with Micromatics Co, Ltd for the sale of its entire shareholding in Colbree (Thailand) Co., Ltd during the third quarter of 2015. Upon completion of this disposal, Colbree Thailand Co., Ltd will cease to be a subsidiary of the Group.



Factory size for Colbree (UK): approximately 18,000 sq ft. (built up)

OUR COMPETITIVE STRENGTHS

We aim to enhance our price competitiveness and profitability while we also put in sustained efforts to monitor costs and operating efficiency in our manufacturing, marketing and administrative operations to ensure quality and performance in our products and services. As a matter of strategy, we strive towards having enhanced collaboration and communication with our key customers. We also believe in being in close geographical proximity with our customers.

Such commitment has entrenched us in our current position as an EMS provider, servicing major OEMs/MNCs in medium to high-end applications whilst maintaining critical standards of quality and service reliability, as well as consistency that are not easily achieved by other EMS providers.

- Track record and niche position as an EMS provider for medium to high-end and performance-critical applications
- Qualified EMS provider in the aerospace-avionics industry
- High quality standards in manufacturing facilities
- Our Group accredited certifications are as follows:
    - National Aerospace and Defense Contractors Accreditation Program ("NADCAP")
    - EN/JISQ/AS9100:2004
    - ISO9001:2008
    - ISO13485:2003
    - IPC-A-600 Class 3 workmanship standards with certified in-house instructors
    - IPC-A-610 Class 3 workmanship standards with certified in-house instructors
    - J-Std-001 Joint Industry Standards with certified in-house trainers
    - IPC-7711/IPC-7721 with certified in-house instructors

company background

- Well established customer base spanning the Military, Aerospace, Medical and Off Shore segments
- Strategic customer relationships
- Strong technological emphasis and quality products and services
- Strong execution systems and capabilities
- Full turnkey with integrated manufacturing solutions
- Operational efficiency and full traceability with SAP Enterprise Resource Planning ("ERP") application system and Manufacturing Resource Planning ("MRP") production management system
- Cost efficient operations and flexible manufacturing set-up
- Strategic geographical diversification

OUR CAPABILITIES ON CNC MACHINING

- Full range of ferrous, nonferrous and pure metals – including Brass, Aluminium, Steel, and Copper
- All grades of Stainless Steel including medical implants, laser weldable graders, Aerospace and Sub Sea specification
- Exotic materials including Nickel Alloys, Titanium, MP35N, Arcap, Copper Alloys, Tungsten, Silver and Gold
- Plastics, PTFE and various composites
- Standard capability of +/- 20 microns repeatability
- Fine limit work to +/- 5 microns repeatability
- Full range of specialist finishing processes from our audited supplier network

OUR CAPABILITIES ON CNC SHEET METAL

- Full range of ferrous, nonferrous and pure metals including Brass, Aluminium, Steel, Copper, Silver and Gold
- Standard capability of +/- 0.05mm
- Highly complex parts
- Full Cad/Cam facilities
- Welding of Aluminium, Stainless Steel, Steel and Titanium
- Aerospace and MOD approved Coded welding
- 80 tonnes power press capability
- Full range of specialist finishing process from our audited supplier network

LETTER TO SHAREHOLDERS

DEAR SHAREHOLDERS

On behalf of the Board of Directors ("**Board**"), I am pleased to present to you the annual report of Advanced Integrated Manufacturing Corp. Ltd. and its subsidiaries (the "**Group**") for the financial year ended 31 December 2015 ("**FY2015**").

FINANCIAL AND BUSINESS REVIEW OF FY2015

The AIM Group reported a full-year revenue of US$73.7 million for FY2015, as compared to US$74.9 million achieved in FY2014. This represents a decrease of 1.6% over FY2014, on the back of more kitting business in the aerospace avionics segment but which was hampered by a more challenging environment from our Colbree Engineering Group.

Our Colbree Engineering Group generated US$5.9 million in sales versus US$7.2 million in sales in FY2014, representing a drop of 18%.

DIVIDEND

Notwithstanding our slight loss in FY2015, in view of the continuous support from our shareholders, the Board has recommended a tax exempt (one-tier) first and final dividend of 1.15 Singapore cents per ordinary share (payable on or about 27th May 2016) subject to approval by the shareholders at the forthcoming Annual General Meeting.

OUTLOOK AND PROSPECTS OF FY2016

We look forward to FY2016 with another year of continuous growth in our avionics, medical and highly value-added services of our business.

AMC Penang will be relocating to the new factory at No. 8895, Lot No. 10015, Mukim 01, Daerah Seberang Perai Tengah, Negeri Pulau Pinang starting July 2016, spanning an area of 60,000 square feet of build up space to cater for additional kitting businesses.

The Group has recently ventured into the minimart business at the end of 2015. This new business division under HAO Mart Pte Ltd has acquired 16 outlets since December of 2015 up to 24 March 2016. All 16 outlets will be fully operational before the end of April 2016 and are expected to contribute to our group sales in FY2016. We expect this new business venture to be another core business moving forward.

We would like to express our sincere gratitude to our Customers, Bankers, Suppliers and Shareholders for their confidence and continuous support in the Company over the years.

We would also like to commend the management and staff of the Group for their relentless efforts, commitment and dedication towards another year of growth and success.



Dr Tan Kim Yong
Group Chairman and CEO

BOARD OF DIRECTORS

DR TAN KIM YONG
Group Chairman and CEO

Dr Tan was appointed to the Board as Group Chairman and CEO on 29 April 2004. He is responsible for the overall management, operations and formulation of business strategies for our Group.

Dr Tan has more than 20 years of experience in the areas of automotive, data-storage, information technology and electronics industries. Prior to joining our Group, he was the Director of Planning and Information Technology at Nelco Products Pte Ltd from 1989 to 1994. He had previously worked in various capacities at Unisys International, Seagate Technology Pte Ltd, General Diesel Supplies Pte Ltd and was also one of the three partners of Meilleur Electronics.

Dr Tan holds a Doctor of Philosophy (Honoris Causa) in Business Administration from Honolulu University (USA) and a Master of Business Administration from University of Dubuque (USA), both obtained in 2004. He is also a holder of Diploma in Management Practice from the Institute of Supervisory Management obtained in 1981 and Diploma in Mechanical Engineering from Ngee Ann Polytechnic (formerly known as Ngee Ann Technical College) obtained in 1979.

MR TAN GIM SENG
Executive Director

Mr Tan was appointed to the Board as an Executive Director on 29 April 2004. He is the Group Managing Director of all the subsidiary companies under the Group. He has more than 10 years of experience in the field of contract manufacturing and distribution management.

Mr Tan holds a Master's Degree in Supply Chain Management from Southern Cross University, a Diploma in Manufacturing from Singapore Polytechnic, as well as a Diploma in Management Studies from the Singapore Institute of Management.

MR LIM YEOW HUA
Independent Director

Mr Lim was appointed as an Independent Director to the Board on 16 January 2006. He is a Fellow of the Institute of Singapore Chartered Accountants. He holds a Bachelor's Degree in Accountancy and MBA Degree from the National University of Singapore.

He has more than 20 years of experience in the tax, financial services and investment banking industries and has held management positions in various organizations such as Inland Revenue Authority of Singapore (IRAS), PricewaterhouseCoopers, KPMG, Macquarie Investment Pte Ltd, UOB Asia Ltd and BP (British Petroleum). Mr Lim also serves as Independent Director in several SGX-listed companies.

Mr Lim is currently the Managing Director of Asia Pacific Business Consultants Pte Ltd.

board of directors

MR LEE TECK LENG

Independent Director

Mr Lee Teck Leng was appointed as Independent Director to the Board on 19 March 2014. He is a practising lawyer with more than 20 years of experience, specialising in criminal litigation. He graduated from the National University of Singapore with a Second Class (Upper Honours) Law degree on a Public Service Commission scholarship.

Mr Lee has acted for several SGX-listed companies, and for Directors and senior executives from listed and Government-linked companies. Prior to joining private practice, he was a Judge in the Subordinate Courts (now known as State Courts) and a Deputy Public Prosecutor in the Commercial Affairs Department.

Mr Lee is currently a Director at LEE chambers LLC.

SENIOR MANAGEMENT

MR JUPRI SUEP

Vice President – Sales & Marketing

Mr Jupri Suep joined the company in December 2011 and was appointed as Vice President of Sales & Marketing in August 2014. Prior to joining the Group, he had over 20 years experience in the Electronics Manufacturing Services industry. He has held key management positions in both multinational and local companies and has experience in areas relating to manufacturing, materials, operations and business development. He holds a Diploma in Production Management from the Institute of Production Control and Planning (UK).

MS JEANNIE LIANG POH YIT

Group Materials Manager (AMC)

Ms Jeannie Liang joined the company in March 2007 and was appointed as an Executive Officer in November 2007. She holds a Master's Degree in Supply Chain Management from Southern Cross University. In April 2013, Ms Liang took over as Group Materials Manager and was responsible for the materials management function such as planning, procurement, storage, control, and distribution of materials and products to meet the Company objectives and customer requirements. This involved directing and administering production control, inventory control, shipping and receiving, and managing materials stores. Ms Liang has more than 10 years of materials management experience.

Ms Liang has been transferred to HAO Mart Pte Ltd in January 2016.

AWARDS AND CERTIFICATIONS



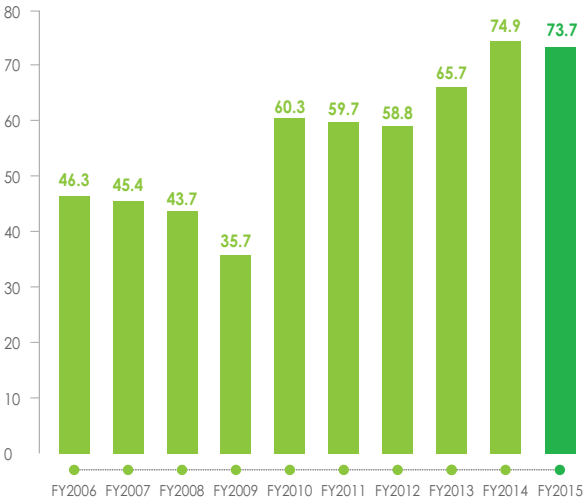




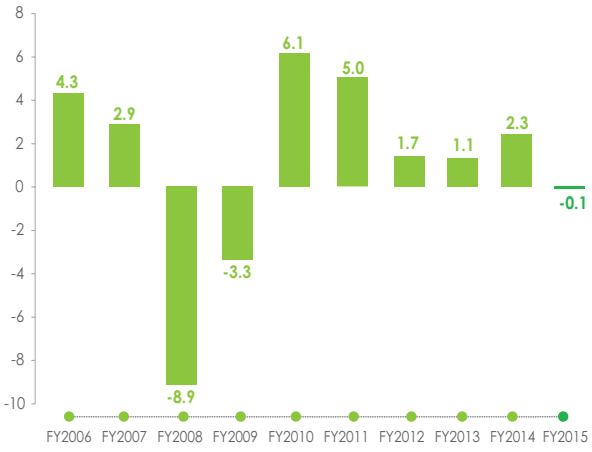
FINANCIAL HIGHLIGHTS

GROUP

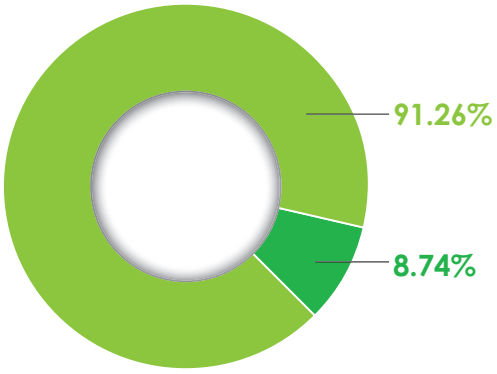
Revenue US$M



Net profit after tax US$M

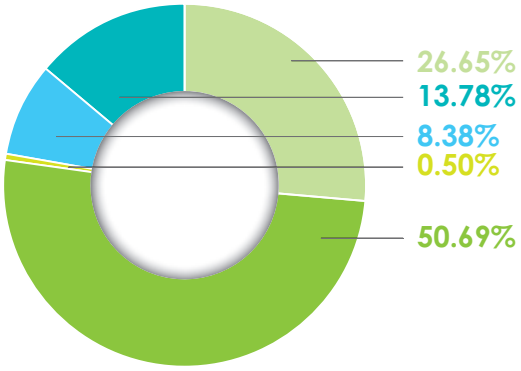


REVENUE SEGMENT FOR FY2015



By business activities

- Printed Circuit Board Assembly/Kitting
- Precision Machined Components



By geographical

- United States
- United Kingdom
- Malaysia
- Singapore
- Others

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dr Tan Kim Yong
Group Chairman and CEO

Mr Tan Gim Seng
Executive Director

Mr Lim Yeow Hua
Independent Director

Mr Lee Teck Leng
Independent Director

AUDIT COMMITTEE

Mr Lim Yeow Hua (Chairman)
Mr Tan Gim Seng
Mr Lee Teck Leng

NOMINATING COMMITTEE

Mr Lee Teck Leng (Chairman)
Dr Tan Kim Yong
Mr Lim Yeow Hua

REMUNERATION COMMITTEE

Mr Lee Teck Leng (Chairman)
Dr Tan Kim Yong
Mr Lim Yeow Hua

COMPANY SECRETARIES

Ms Ong Beng Hong, LLB (Hons)
Ms Tan Swee Gek, LLB (Hons)

REGISTERED OFFICE

23 Ubi Crescent
Singapore 408579
Company Registration No. 200405216C
Tel: (65) 6238 8882
Fax: (65) 6238 8828
Email: AIM-corporate@aimcorp.com.sg

INTERNAL AUDITORS

Nexia TS Risk Advisory Pte Ltd
100 Beach Road
#30-00 Shaw Tower
Singapore 189702

AUDITORS

Ernst & Young LLP
Public Accountants and
Chartered Accountants
One Raffles Quay
North Tower, Level 18
Singapore 048583

Partner-in-charge: Mr Yong Kok Keong
(since financial year ended 31 December 2012)

SHARE REGISTRAR

B.A.C.S Private Limited
8 Robinson Road #03-00
ASO Building
Singapore 048544

PRINCIPAL BANKERS

Standard Chartered Bank
Marina Bay Financial Centre (Tower 1)
8 Marina Boulevard
Singapore 018981

United Overseas Bank
80 Raffles Place
UOB Plaza
Singapore 048624

FINANCIAL CONTENTS

Report on Corporate Governance	**15**
Directors' Statement	**34**
Independent Auditor's Report	**38**
Consolidated Statement of Comprehensive Income	**40**
Group Balance Sheet	**41**
Company Balance Sheet	**42**
Statements of Changes in Equity	**43**
Consolidated Cash Flow Statement	**46**
Notes to the Financial Statements	**48**
Statistics of Shareholdings	**115**
Notice of Annual General Meeting	**117**
Proxy Form	

REPORT ON CORPORATE GOVERNANCE

Sound and responsible corporate governance is an integral part of Advanced Integrated Manufacturing Corp. Ltd. and its subsidiaries (collectively referred to as the "Group") in ensuring transparency and creating long-term value and returns to the shareholders of the Company. The Board of Directors ("**Board**") and Management are committed to high standards of corporate governance by adhering closely to the benchmark set by the Code of Corporate Governance 2012 (the "**Code**").

This report describes the Company's corporate governance processes and structures for the financial year ended 31 December 2015 ("**FY2015**"), with specific reference to the principles and guidelines of the Code. In areas where the Company deviates from Code, the rationale is provided.

(I) BOARD MATTERS

Board's Conduct of its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and the Management remains accountable to the Board.

The Board comprises two Executive Directors and two Independent Directors. The Board's primary role is to protect and enhance long-term shareholder value. To fulfil this, apart from its statutory responsibilities, the Board's principal functions include the following:

(a) protecting and enhancing long-term value and return to its shareholders;
(b) establishing, reviewing and approving the annual budget, corporate policies, strategies and objectives for the Group;
(c) ensuring the effectiveness and integrity of the Management;
(d) chartering the corporate strategy and direction of the Group and setting goals for the Management;
(e) supervising and monitoring the Management's achievement of these goals;
(f) reviewing financial performance and implementing financial policies which incorporate risk management, internal controls and reporting compliance;
(g) approving nominations to the Board and appointment of key personnel;
(h) ensuring the Group's compliance with all relevant and applicable laws and regulations;
(i) ensuring an effective and prudent risk management framework is in place, including safeguarding Company assets and shareholders' interests; and
(j) assuming responsibility for corporate governance of the Group.

Board meetings are conducted regularly on a quarterly basis and ad-hoc meetings are convened whenever they are deemed necessary to address any specific issue of significance that may arise. Important matters concerning the Group are also put to the Board for its decision by way of written resolutions.

REPORT ON CORPORATE GOVERNANCE

Matters which require the Board's approval include the following:

(a) review of the annual budget and performance of the Group;
(b) review of key activities and business strategies;
(c) approval of the corporate strategy and direction of the Group;
(d) establishment of a framework of prudent and effective controls which enables risks to be assessed and managed;
(e) approval of transactions involving a conflict of interest for a Substantial Shareholder or a Director or interested person transactions;
(f) material acquisitions and disposals;
(g) corporate or financial restructuring and share issuances;
(h) declaration of dividends and other returns to shareholders; and
(i) appointment of new Directors.

To assist in the execution of its responsibilities, the Board has established an Audit Committee, a Nominating Committee and a Remuneration Committee. These committees function within clearly defined terms of reference and operating procedures, which are reviewed on a regular basis. The effectiveness of each committee is also monitored. The Board accepts that while these Board committees have the authority to examine particular issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the entire Board. In the course of the year under review, the number of meetings held and attended by each board member is as follows:

Name	Board		Audit Committee		Remuneration Committee		Nominating Committee	
	No. of Meetings	Attendance	No. of Meetings	Attendance	No. of Meetings	Attendance	No. of Meetings	Attendance
Dr Tan Kim Yong[1]	4	4	4	4	1	1	1	1
Tan Gim Seng[2]	4	4	4	4	1	1	1	1
Lee Teck Leng	4	4	4	4	1	1	1	1
Lim Yeow Hua	4	4	4	4	1	1	1	1

Notes:

(1) Dr Tan Kim Yong attended the Audit Committee meetings in the course of the year under review as an invitee.

(2) Mr Tan Gim Seng attended the Remuneration Committee meeting and Nominating Committee meeting in the course of the year under review as an invitee.

REPORT ON CORPORATE GOVERNANCE

The Directors have identified a few areas for which the Board has direct responsibility for decision making such as the following:

- approval of the quarterly results announcements;
- approval of the annual report and accounts;
- declaration of interim dividends and proposal of final dividends;
- convening of shareholders' meetings;
- approval of corporate strategy;
- authorisation of major transactions;
- approval of Board changes and appointments on Board committees;
- increase in investment in businesses and subsidiaries;
- divestment in any of the Group companies; and
- commitments to term loans and lines of credit from banks and financial institutions by the Company.

While matters relating to the Company's objectives, strategies and policies require the Board's direction and approval, Management is responsible for the day to day operation and administration of the Company in accordance with the objectives, strategies and policies set by the Board. A formal document setting out the guidelines and matters (including the matters set out above) which are to be reserved for the Board's decision has been adopted by the Board.

Changes to regulations and accounting standards are monitored closely by Management. To keep pace with such regulatory changes, the Company provides opportunities for ongoing education on Board processes and best practices as well as updates on relevant new laws and regulations. Directors also have the opportunity to visit the Group's operational facilities and meet with Management to gain a better understanding of the business operations.

Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

All Directors exercise independent judgment and make decisions objectively in the best interest of the Company. The assessment criteria in the Chairman's assessment of the Directors include intensity of participation at meetings, quality of interventions and special contribution.

As of the date of this report, the Board comprises four Directors. Two of these Directors are Independent Directors. The composition of the Board is as follows:

Executive Directors

Dr Tan Kim Yong
Mr Tan Gim Seng

Independent Directors

Mr Lim Yeow Hua
Mr Lee Teck Leng

REPORT ON CORPORATE GOVERNANCE

The profiles of the Board are set out in page 8 of the Annual Report.

The composition of the Board is reviewed on an annual basis by the Nominating Committee to ensure that the Board has the appropriate mix of diversity, expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making. The composition of the Board is determined in accordance with the following principles:

- to form a strong independent element on the Board, Non-Executive Independent Directors should make up at least half of the Board;
- the Board should have enough Directors to serve on various committees of the Board without over-burdening the Directors or making it difficult for them to fully discharge their responsibilities;
- the Board should comprise Directors with a broad range of competencies and expertise both nationally and internationally; and
- Directors appointed by the Board are subject to election by shareholders at the following Annual General Meeting ("**AGM**") and thereafter, Directors are subject to re-election according to the provisions in the Company's Constitution. Article 91 of the Company's Constitution states that one third of the Directors shall retire from office by rotation with the exception of the Director holding office as Managing Director.

The Board regularly examines its size and, with a view to determining the impact of its number upon effectiveness, decides on what it considers an appropriate size for itself, taking into account the scope and nature of the Company's operations. The Nominating Committee is of the view that the Board comprises Directors capable of exercising objective judgement on the corporate affairs of the Company independently of management and that no individual or small group of individuals dominate the Board's decision-making process.

Particulars of interests of Directors who held office at the end of the financial year in shares and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are set out in the Directors' Statement.

The Board has two Independent Directors, representing at least half of the Board: Mr Lim Yeow Hua and Mr Lee Teck Leng. The Board has identified each of the Company's Independent Directors to be independent, after determining, taking into account the views of the Nominating Committee, whether the Director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgement. Each Director is required to disclose to the Board any such relationships or circumstances as and when it arises. The independence of each Director is reviewed annually by the Nominating Committee.

The Code stipulates that the independence of any Director who has served on the Board beyond nine years from the date of his first appointment should be subject to particularly rigorous review. The Nominating Committee noted that the Company currently has one Director – Mr Lim Yeow Hua, who has served on the Board beyond nine years from the date of his first appointment. In addition, it is noted that Mr Lim Yeow Hua is a shareholder of the Company.

REPORT ON CORPORATE GOVERNANCE

After rigorous review on Mr Lim Yeow Hua's contributions and independence, the Nominating Committee has determined that Mr Lim Yeow Hua has demonstrated independent mindedness and conduct at Board and Board Committee meetings. Accordingly, the Board is of the view that he has been exercising independent judgement in the best interests of the Group in the discharge of his duties as a Director of the Company.

Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

The Chairman and Chief Executive Officer ("**CEO**") of the Company is Dr Tan Kim Yong. The Board believes that there is sufficient division of responsibility at the top of the Company as each of the main subsidiaries of the Group is overseen by the Executive Director, namely, Mr Tan Gim Seng. The Board is of the view that power is not unduly concentrated in the hands of one individual nor is there any compromised accountability and independent decision-making as all major decisions and policy changes are conducted through the respective committees, all of which are chaired by Independent Directors.

In addition, the Board believes that notwithstanding that the Chairman and Managing Director/ CEO is the same person, the Group's interest is well served by:

(a) the benefit of a Chairman who is very experienced and knowledgeable about the Group's businesses, thereby ensuring the smooth and efficient implementation of decisions on policy issues;
(b) the good balance of power and authority on the Board as all the committees of the Board are chaired by Independent Directors;
(c) the independence of the Board as half of the Board are Independent Directors; and
(d) the benefit of objective and independent views from the Independent Directors.

The Code recommends that the Company appoints an independent non-executive director as the lead independent director where the Chairman and CEO is the same person. However, the Board is of the view that there is currently sufficient check and balance of power and authority on the Board, and it is therefore not immediately essential to appoint a lead independent director.

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The Board has delegated to the Nominating Committee the functions of developing and maintaining a transparent and formal process for the appointment of new Directors, making recommendations for Directors who are due for retirement by rotation to seek re-election at general meeting and determining the independent status of each Director.

REPORT ON CORPORATE GOVERNANCE

During the financial year ended 31 December 2015, the Nominating Committee comprised Mr Lee Teck Leng, Dr Tan Kim Yong and Mr Lim Yeow Hua, with Mr Lee Teck Leng as the Chairman of the Nominating Committee.

The Nominating Committee is responsible for:

(a) re-nomination of the Directors having regard to the Director's contribution and performance;
(b) determining annually whether or not a Director is independent;
(c) deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director.

The Company's Constitution provides that one-third of the Directors for the time being, or if their number is not three or a multiple of three then the number nearest to but not less than one-third, are required to retire from office. Retiring Directors are selected on the basis of those who have been the longest in office since their last election, failing which they shall be selected by lot.

For appointment of new directors to the Board, the Nominating Committee would, in consultation with the Board, evaluate and determine the selection criteria with due consideration to the mix of skills, knowledge and experience of the existing Board. The Nominating Committee does so by first evaluating the existing strengths and capabilities of the Board, assess the likely future needs of the Board, assess whether this need can be fulfilled by the appointment of one person and if not, then to consult the Board with respect to the appointment of two persons, seek likely candidates widely and source resumes for review, undertake background checks on the resumes received, narrow this list of resumes to a short list and then to invite the shortlisted candidates to an interview which may include a briefing of the duties required to ensure that there are no expectations gap. The Nominating Committee will seek candidates widely and beyond persons directly known to the Directors and is empowered to engage professional search firms and also give due consideration to candidates identified by any persons. The Nominating Committee will interview all potential candidates in frank and detailed meetings and make recommendations to the Board for approval.

The Board will consider the potential candidates and new Directors are appointed by the Board by way of Board resolution, following which they are subject to election by shareholders at the next AGM immediately following their appointment and thereafter, they are subject to the one-third rotation rule.

The Company will consider appropriate training programmes for Directors to meet their relevant training needs. Orientation programmes are organised for new Directors to ensure that they are familiar with the Company's business and governance policies. As more than half of the Nominating Committee comprises Independent Directors, there are sufficient safeguards to minimise the risk of any potential conflict of interest. In the event that any member of the Nominating Committee is interested in a decision to be made by the Nominating Committee, he will abstain from the decision making process.

REPORT ON CORPORATE GOVERNANCE

The Nominating Committee is also tasked with deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director, particularly when he has multiple board representations, and to assess the maximum number of listed entity board representations which any one of the directors may hold. As a guide, Directors of the Company should not have more than six listed company board representations and other principal commitments. After conducting reviews, the Nominating Committee is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Group.

Details of the appointment of Directors including date of initial appointment and directorships in other listed companies, both current and for the preceding three years are set out below:

Name of Director	Age	Date of Initial Appointment	Present and Past Directorship in Listed Companies
Dr Tan Kim Yong	56	29 April 2004	–
Mr Tan Gim Seng	48	29 April 2004	–
Mr Lim Yeow Hua	53	16 January 2006	**Present Directorships** China Minzhong Food Corporation Limited Eratat Lifestyle Limited KSH Holdings Limited KTL Global Limited Oxley Holdings Limited **Past Directorships** Great Group Holdings Limited
Mr Lee Teck Leng	50	19 March 2014	**Present Directorships** – **Past Directorships** Equation Corporation Ltd Asiasons Capital Ltd United Food Holdings Ltd

Board Performance

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

We believe that Board performance is ultimately reflected in the performance of the Group and the Company. The Board should ensure compliance with applicable laws and Board members should act in good faith, with due diligence and care in the best interests of the Group and the shareholders. In addition to these fiduciary duties, the Board is charged with two key responsibilities of setting a strategic direction and ensuring that the Group is ably led. The Board, through the delegation of its authority to the Nominating Committee, will review the Board's composition annually to ensure that the Board has the appropriate mix of expertise and experience to lead the Group.

REPORT ON CORPORATE GOVERNANCE

The Nominating Committee will decide how the Board's performance is to be evaluated and propose objective performance criteria, subject to the approval of the Board, which will address how the Board has enhanced long-term shareholders' value. The Board will also implement a process to be carried out by the Nominating Committee for assessing the effectiveness of the Board as a whole and for assessing the contribution by each individual Director to the effectiveness of the Board. Each member of the Nominating Committee shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as a Director.

The Board and the Nominating Committee have endeavoured to ensure that Directors appointed to the Board possess the experience, knowledge and expertise critical to the Group's business.

In its assessment of the Board's effectiveness, the Nominating Committee takes into consideration the frequency of the Board meetings, the rate at which issues raised are adequately dealt with and the reports from the various committees. In the like manner, the Nominating Committee is able to assess the contribution of each Director to the effectiveness of the Board.

The Nominating Committee has conducted a Board's performance evaluation as a whole in the year under review, participated by all Directors. The assessment parameters are broadly based on the attendance records at the meetings of the Board and the relevant board committees, intensity of participation at meetings, sense of independence, quality of contributions and workload requirements.

Access to Information

Principle 6: In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Directors receive a regular supply of information from Management about the Group so that they are equipped to play as full a part as possible in Board meetings. Detailed Board papers are circulated to all Directors prior to the scheduled meetings so that Board members may better understand the issues beforehand, allowing for more time at such meetings for questions that Board members may have. The Board papers include background or explanatory information relating to matters to be brought before the Board. A presentation is made to the Directors at the Board meeting on budgets, forecasts and variances from the budget disclosed.

All Directors have separate and independent access to the advice and services of the Company Secretary. The Company Secretary and/or representatives from the Company Secretary's office attend the Board and Board Committee meetings and assist the Chairman of the Board and Board Committees in ensuring that the relevant procedures are followed and that applicable rules and regulations are complied with as well as ensuring good information flow within the Board and its committees, between senior management and the non-executive directors, facilitating orientation and assisting with professional development as required. The appointment and removal of the Company Secretary is a matter which is approved by the Board.

REPORT ON CORPORATE GOVERNANCE

The Board also has separate and independent access to the Company's senior management.

Each Director has the right, at the Company's expense, to seek independent legal and other professional advice concerning any aspect of the Group's operations or undertakings in order to fulfil their duties and responsibilities as directors.

(II) REMUNERATION MATTERS

Procedure for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

During the financial year ended 31 December 2015, the Remuneration Committee comprised Mr Lee Teck Leng, Dr Tan Kim Yong and Mr Lim Yeow Hua, with Mr Lee Teck Leng as the Chairman of the Remuneration Committee.

Although the Remuneration Committee does not consist entirely of non-executive Directors, the majority of the members are independent. In addition, there are sufficient safeguards to minimise the risk of any potential conflict of interest. In the event that any member of the Remuneration Committee has an interest in a decision to be made by the Remuneration Committee, he will abstain from the decision-making process. The Independent Directors on the Remuneration Committee will review and approve annually the total remuneration of the Directors, Executive Officers and other employees who are related to the Directors or Substantial Shareholder. The Committee may seek expert advice in the field of executive compensation outside the Company upon approval by the Board and the expenses of such advice shall be borne by the Company.

The Remuneration Committee is established with the responsibility to oversee the general compensation of employees of the Group with a goal to motivate, recruit and retain the employees and Directors through competitive compensation and progressive policies.

The Remuneration Committee meets at least once each year and at other times as required.

The Remuneration Committee is responsible for recommending to the Board a general framework of remuneration for the Directors and senior management which is submitted to the Board for endorsement. The Remuneration Committee reviews and approves recommendations on remuneration policies and packages for Directors and senior management in the interest of improved corporate performance.

The Remuneration Committee's review of remuneration packages covers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, profit sharing (where applicable) and benefits-in-kind.

REPORT ON CORPORATE GOVERNANCE

In setting out the remuneration packages, the Remuneration Committee takes into consideration pay and employment conditions within the industry and in comparable companies. The remuneration packages should take into account the Company's relative performance and the performance of the individual Directors/senior management.

The Remuneration Committee's recommendations are submitted to the Board. Each member of the Remuneration Committee shall abstain from voting on any resolution concerning his own remuneration.

The Directors' fees to be paid for any one year are submitted for shareholders' approval at the AGM.

Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

The Remuneration Committee will take into account the industry norms, the Group's performance as well as the contribution and performance of each Director when determining remuneration packages.

The Independent Directors receive Directors' fees in accordance with their contributions, taking into account factors such as effort and time spent, responsibilities of the Directors and the need to pay competitive fees to attract, retain and motivate the Directors. The Independent Directors shall not be over-compensated to the extent that their independence may be compromised.

The remuneration for the Executive Directors and Management comprise a basic salary component and a variable component, namely, the annual bonus. The latter is based on the performance of the Group as a whole and their individual performance.

The Company has entered into separate service agreements ("**Service Agreements**") with Dr Tan Kim Yong and Mr Tan Gim Seng. Each of the Service Agreements is valid for an initial period of three years and renewable thereafter unless otherwise terminated by either party giving not less than six months' notice in writing to the other. Each of the Service Agreements provides for a basic salary component and a variable component in the form of a variable performance bonus.

The Remuneration Committee will carry out annual reviews of the remuneration packages of the Directors and Management, having due regard to their contributions as well as the financial and commercial needs of the Group.

REPORT ON CORPORATE GOVERNANCE

Disclosure on Remuneration

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

Taking note of the competitive pressures in the talent market, the Board has, on review, decided not to disclose the remuneration of the Company's Executive Directors and key management personnel. The breakdown of remuneration (in percentage terms) of the Directors of the Company paid and payable for the year ended 31 December 2015 is set out below:

	Fees	Salary	Variable Bonus	Benefits-in-kind	Allowances	Total
	%	%	%	%	%	%
Name of Directors						
S$1,750,000 to S$2,000,000						
Dr Tan Kim Yong	–	84	10	–	6	100
S$250,000 to S$499,999						
Mr Tan Gim Seng	–	78	10	2	10	100
Below S$250,000 (Fees paid to Independent Directors)						
Mr Lee Teck Leng	100	–	–	–	–	100
Mr Lim Yeow Hua	100	–	–	–	–	100

The Directors' fees paid to each of Mr Lee Teck Leng and Mr Lim Yeow Hua for the year ended 31 December 2015 were S$68,100.

REPORT ON CORPORATE GOVERNANCE

The annual aggregate remuneration paid to the top 5 key management personnel of the Company (excluding the Executive Directors) for the financial year ended 31 December 2015 is S$746,331. The breakdown of remuneration (in percentage terms) paid to such key management personnel is set out below:

	Fees	Salary	Variable Bonus	Benefits-in-kind	Allowances	Total
	%	%	%	%	%	%
Name of Key Management						
Below S$250,000						
Gary Sutton[1]	–	89	11	–	–	100
Jeannie Liang Poh Yit	–	85	10	–	5	100
Jupri Bin Suep	–	89	11	–	–	100
Robert Clark	–	100	–	–	–	100
Sivasubramaniyan Nagasundhar	–	89	11	–	–	100

Note:

(1) Gary Sutton resigned on 29 January 2016.

Save as disclosed in the table below, there are no other immediate family members of Directors or Substantial Shareholders whose remuneration for the financial year ended 31 December 2015 exceeds S$50,000:

Name	Designation	Familial Relationship	Remuneration Band
Tan Kim Meng	Facility Manager	Brother of Dr Tan Kim Yong and Mr Tan Gim Seng	S$50,000 to S$100,000
Tan Gim Teong	Assistant Program Manager	Brother of Dr Tan Kim Yong and Mr Tan Gim Seng	S$50,000 to S$100,000

The Company adopts a remuneration policy for staff comprising both a fixed and variable component. The fixed component is in the form of a base salary and allowances. The variable component is in the form of a variable bonus that is linked to the Company and each individual's performance.

The then existing shareholders of the Company approved an employee share option scheme (the "**ESOS**") at a general meeting of the Company held on 22 March 2005. The ESOS provides an opportunity for selected employees of the Group who have contributed significantly to the growth and performance of the Group (including Executive Directors), to participate in the equity of the Company.

REPORT ON CORPORATE GOVERNANCE

At an Extraordinary General Meeting of the Company held on 9 November 2007, the Company, having obtained majority votes from the then existing shareholders, implemented a share performance plan ("**Share Performance Plan**") to complement the ESOS so as to increase the Company's flexibility and effectiveness in its continuing efforts to reward, retain and motivate key employees to achieve superior performance. The Share Performance Plan is intended to further strengthen the Company's competitiveness in attracting and retaining talents.

Both the ESOS and the Share Performance Plan are administered by the Remuneration Committee and have been renewed at the last AGM of the Company held on 30 April 2015. The ESOS and the Share Performance Plan will be renewed at the forthcoming AGM of the Company.

(III) ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the Company's performance, position and prospects.

One of the Board's principal duties is to protect and enhance the long-term value and returns to the shareholders of the Company. This accountability to the shareholders is demonstrated through the presentation of the periodic financial statements as well as the timely announcements and news releases of significant corporate developments and activities so that the shareholders can have a detailed explanation and balanced assessment of the Group's financial position and prospects.

The Management provides the Board with quarterly reports of the Group's financial performance, as well as progress reports on the achievements of the Management's goals and objectives determined by the Board.

Risk Management and Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board acknowledges that it is responsible for the overall internal control framework of the Group, but recognises that all internal control systems contain inherent limitations and that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. The Audit Committee shall conduct regular reviews of the effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls.

REPORT ON CORPORATE GOVERNANCE

The Audit Committee shall, on behalf of the Board, review the effectiveness of the various systems put in place by the Management and ensure that it is satisfied that there are adequate internal controls in the Company to provide reasonable assurance as to the integrity and reliability of the financial information and to safeguard and maintain accountability of its assets.

The Management has adopted a Code of Business Conduct for the Group, which incorporates principles and values that the Company and the Group uphold in their dealings with employees, customers, suppliers and business associates.

The Board has also received assurances from the CEO of the Company on the integrity of the financial statements of the Group and the effectiveness of the Company's risk management and internal control systems. In particular, the Board has been assured that the financial statements give a true and fair view, in all material respects, of the Group's performance and financial position as at 31 December 2015.

Based on the findings of the external auditors and the various management controls put in place, the Board, with the concurrence of the Audit Committee, is of the opinion that the Group's system of internal controls, including financial, operational, compliance and information technology controls and risk management systems, is adequate to meet the needs of the Company in its current business environment.

The system of internal controls provides reasonable, but not absolute, assurance that the Company will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal control could provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

Audit Committee

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

During the financial year ended 31 December 2015, the Audit Committee comprised Mr Lim Yeow Hua, Mr Tan Gim Seng and Mr Lee Teck Leng, with Mr Lim Yeow Hua as the Chairman of the Audit Committee.

The Audit Committee's main objective is to assist the Board in fulfilling its fiduciary responsibilities relating to internal controls, overseeing the external audit process, reviewing the financial information to be disclosed to the public and ensuring that arrangements are in place for the independent investigation and follow up of reports by staff of improprieties in financial reporting and other matters. To achieve this, the Audit Committee ensures that its members have the appropriate qualifications to provide independent, objective and effective supervision.

REPORT ON CORPORATE GOVERNANCE

Specifically, the Audit Committee meets periodically to perform the following functions:

(a) reviewing the audit plans of the external and internal auditors;
(b) reviewing the external and internal auditors' reports;
(c) reviewing the co-operation given by the Company's officers to the external and internal auditors;
(d) reviewing the adequacy of the internal audit function;
(e) evaluating the effectiveness of the Group's system of internal controls, including financial, operational and compliance controls, and risk management, by reviewing written reports from internal and external auditors, and Management's responses and actions to correct any deficiencies;
(f) reviewing the financial statements of the Company and the Group before their submission to the Board;
(g) reviewing non-audit services provided by the external auditors to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors;
(h) nominating external auditors for appointment or re-appointment and approving the remuneration and terms of engagement of the external auditor;
(i) reviewing the Group's compliance with such functions and duties as may be required under the relevant statutes or the SGX-ST Listing Manual, and by such amendments made thereto from time to time; and
(j) reviewing interested person transactions (as defined in Chapter 9 of the SGX-ST Listing Manual) to ensure that they are on normal commercial terms and arms' length basis and not prejudicial to the interests of the Company or its shareholders in any way.

Apart from the duties listed above, the Audit Committee may commission and review the findings of internal investigations into matters where there is suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore and other applicable law, rule or regulation which has or is likely to have material impact on the Company's or Group's operating results and/or financial position.

Although the Audit Committee does not consist entirely of non-executive directors, there are sufficient safeguards to minimise the risk of any potential conflict of interest. The majority of its members are independent. Further, in the event that a member of the Audit Committee has interest in any matter being considered by the Audit Committee, he will abstain from reviewing that particular transaction or voting on that particular resolution.

The Audit Committee meets from time to time with the Group's external auditors and the senior management to review accounting, auditing and financial reporting matters so as to provide the necessary checks and balances to ensure that an effective control environment is maintained in the Group. The Audit Committee also studies proposed changes in accounting policies, examines the internal audit functions and discusses the accounting implications of major transactions. Furthermore, the Audit Committee advises the Board regarding the adequacy of the Group's internal controls and the contents and presentation of its interim and annual reports. Based on the information provided to the Audit Committee, nothing has come to the Audit Committee's attention to indicate that the system of internal controls and risk management is inadequate.

REPORT ON CORPORATE GOVERNANCE

The Audit Committee is also authorised to investigate any matter within its terms of reference and has full access to and co-operation of the Management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable recourses to enable it to discharge its functions properly. The Audit Committee meets annually with the external auditors, without the presence of the Management to review the adequacy of audit arrangements, with particular emphasis on the scope and quality of their audits, and the independence and objectivity of the internal and external auditors.

Having regard to the adequacy of the resources and experience of the auditing firm and the audit engagement partner assigned to the audit, the firm's other audit engagements, the size and complexity of the Group being audited, and the number and experience of supervisory and professional staff assigned to the particular audit, the Board and the Audit Committee are of the opinion that a suitable auditing firm has been appointed to meet the Company's auditing obligations. The Company has complied with Rule 712, Rule 715 and Rule 716 of the SGX-ST Listing Manual.

The amount of audit fees paid to the external auditors, Ernst & Young LLP, for the financial year ended 31 December 2015 was S$234,800 and there were no non-audit fees paid to the external auditors for the financial year ended 31 December 2015.

Internal Audit

Principle 13: The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Board acknowledges that it is responsible for maintaining an internal audit function independent of the activities it audits. The Company has appointed the external audit firm, Nexia TS Risk Advisory Pte Ltd, to perform such internal audit functions ("**Internal Auditors**"). Nexia TS Risk Advisory Pte Ltd is not the external auditor of the Company and the Audit Committee noted that the internal audit conducted by the Internal Auditors meets the standards set out by the Institute of Internal Auditors.

The role of the Internal Auditors is to support the Audit Committee in ensuring that the Company maintains a sound system of internal controls by monitoring and assessing the effectiveness of the key controls and procedures, conducting in-depth audits of high risk areas and undertaking investigations as directed by the Audit Committee. The Audit Committee approves the hiring, removal, evaluation and compensation of the Internal Auditors.

The Internal Auditors remain independent of Management and report directly to the Chairman of the Audit Committee. The Internal Auditors are responsible for the preparation of internal audit plans to be reviewed and approved by the Audit Committee. The Internal Auditors have unfettered access to all the Company's documents, records, properties and personnel, including access to the Audit Committee.

REPORT ON CORPORATE GOVERNANCE

The Audit Committee meets at least once annually to ensure the adequacy and effectiveness of the internal audit functions. The Audit Committee reviewed and approved the internal audit plan proposed by the Internal Auditors. The Audit Committee also believes that the system of internal controls and risk management maintained by the Company is adequate to safeguard the shareholders' investment and the Company's assets.

(IV) SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The shareholders are treated fairly and equitably to facilitate the exercise of their ownership rights. Written policies and procedures are implemented to ensure that there is adequate disclosure of development in the Group in accordance with the Listing Manual of the SGX-ST.

Any notice of a general meeting of shareholders is issued at least 14 days before the scheduled date of such meeting.

Communication with Shareholders

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Company is committed to keeping shareholders regularly and timely informed of material developments in the Group, in accordance with the continuous disclosure obligations of the Company pursuant to the SGX-ST Listing Manual and the Singapore Companies Act, Chapter 50. The Company ensures there is no selective disclosure of such material information.

The Company communicates regularly through the following channels:

(a) the SGXNET;
(b) news and press releases; and
(c) the Company's website at http://www.aimcorp.com.sg.

The Group's material developments and information are also disclosed in:

(a) the Company's announcements of periodic financial results on the SGXNET;
(b) notices of and explanatory memoranda for Annual General Meetings and Extraordinary General Meetings;
(c) press releases for the Group's half-year and full-year results as well as other briefings, as appropriate; and
(d) announcements on major developments and corporate affairs of the Group.

REPORT ON CORPORATE GOVERNANCE

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate. Notwithstanding the foregoing, the Company has been declaring dividends on an annual basis and any pay-out of dividends is clearly communicated to shareholders via announcements released on SGXNET.

Conduct of Shareholder Meetings

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Company encourages all shareholders to attend the AGM to grasp a good understanding of the Group's business and be informed of its strategic goals and objectives. The Board and Management are committed to an open dialogue with the shareholders at the AGM to address the shareholders' issues, views and concerns.

The Company's Constitution allows a shareholder of the Company to appoint one or two proxies to attend the AGM and vote in place of the shareholder. The Board is of the view that voting in absentia can only be possible if there is absolute certainty that integrity of the information and authentication of the identity of shareholders is not compromised.

The Chairman of the Board and the respective Chairman of the Audit Committee, Nominating Committee and the Remuneration Committee are normally available at the AGM to answer questions relating to the work of these Committees. The external auditors are also present to assist the Directors in addressing any relevant queries by the shareholders. The Company Secretary prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management, and such minutes are available to shareholders upon their request. Results of the general meeting are also released as an announcement via SGXNET.

(V) DEALING IN SECURITIES

(Listing Manual Rule 1207(19))

The Group has adopted and implemented the policy set out in Rule 1207(19) in relation to the dealing of shares of the Company. The Group has issued guidelines to the Company, its Directors, executives of the Group and all employees which prohibit dealings in the Company's shares during the periods commencing two weeks and one month prior to the announcement of the Group's quarterly financial results and full year financial results respectively and ending on the date of the announcement of the results, or if they are in possession of unpublished material price-sensitive information of the Group.

REPORT ON CORPORATE GOVERNANCE

Directors, executive officers and all employees are also required to observe insider trading laws at all times even when dealing in securities within the permitted trading period. In addition, the Directors and officers are expected not to deal in the Company's securities on short term considerations.

(VI) MATERIAL CONTRACTS

(Listing Manual Rule 1207(8))

Save for the service agreements between the Executive Directors and the Company, there were no material contracts of the Company or its subsidiaries involving the interest of any Director or controlling shareholders subsisting as at the financial year ended 31 December 2015.

(VII) RISK MANAGEMENT

(Listing Manual Rule 1207(4))

The Group is continually reviewing and improving its business and operational activities to take into account the risk management perspective. This includes reviewing management and manpower resources, updating work flows, processes and procedures to meet the current and future market conditions. The Group has also considered the various financial risks, details of which are found in the Annual Report.

(VIII) INTERESTED PERSON TRANSACTIONS

To ensure compliance with the relevant rules under Chapter 9 of the SGX-ST Listing Manual on interested person transactions, the Board and Audit Committee regularly review if the Company will be entering into any interested person transaction and if it does, to ensure that the Company complies with the requisite rules under Chapter 9.

If the Company does enter into an interested party transaction, and a potential conflict of interest arises, the Director concerned will abstain from any discussions and will also refrain from exercising any influence over other members of the Board.

The name of the interested person and the corresponding aggregate value of the interested person transactions entered into with the same interested person for financial year ended 31 December 2015 are set out below:

Name of Interested Person	Aggregate value of all interested person transactions (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to rule 920)
Southron Technology Pte Ltd	US$90,635

Mr Tan Gim Seng's spouse, Ms Jeffrine Liang Poh Choo, is a shareholder of Southron Technology Pte Ltd. Save as disclosed above, there are no interested persons transactions that exceed S$100,000 entered into between the Company or its subsidiary companies and any of its interested persons during the financial year ended 31 December 2015.

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Advanced Integrated Manufacturing Corp. Ltd. (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2015.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. DIRECTORS

The directors of the Company in office at the date of this statement are:

Dr. Tan Kim Yong
Tan Gim Seng
Lim Yeow Hua
Lee Teck Leng

In accordance with Articles 91 of the Company's Articles of Association, Tan Gim Seng and Lee Teck Leng retire and, being eligible, offer themselves for re-election.

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Except as described in paragraph five below, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS' STATEMENT

4. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest		Deemed interest	
	At beginning of the financial year	At end of the financial year[1]	At beginning of the financial year	At end of the financial year[1]
Name of Director				
The Company *(Ordinary shares)*				
Dr. Tan Kim Yong	447,014,528	89,402,905	86,725,000	17,345,000
Tan Gim Seng	21,674,872	4,334,974	–	–
Lim Yeow Hua	200,000	40,000	–	–

Note:

(1) On 21 May 2015, the Company completed a share consolidation of every five existing issued ordinary shares of the Company into one ordinary share.

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2016.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or at the end of the financial year.

5. OPTIONS

At an Extraordinary General Meeting held on 22 March 2005 and 9 November 2007, shareholders approved the Employee Share Option Scheme and the Share Performance Plan respectively for the granting of non-transferable options that are settled by physical delivery of the ordinary shares of the Company, to eligible senior executives and employees respectively.

Since the approval of the employee share option plans till the end of the financial year:

- No options have been granted to the controlling shareholders of the Company and their associates
- No participant has received 5% or more of the total options available under the plans
- No options have been granted to directors and employees of the holding company and its subsidiaries
- No options that entitle the holder to participate, by virtue of the options, in any share issue of any other corporation have been granted
- No options have been granted at a discount

DIRECTORS' STATEMENT

6. AUDIT COMMITTEE

The audit committee ("AC") carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act, Chapter 50, including the following:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the external and internal auditors
- Reviewed the quarterly and annual financial statements and the auditor's report on the annual financial statements of the Group and the Company before their submission to the board of director
- Reviewed effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor
- Met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC
- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators
- Reviewed the cost effectiveness and the independence and objectivity of the external auditor
- Reviewed the nature and extent of non-audit services provided by the external auditor
- Recommended to the board of directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit
- Reported actions and minutes of the AC to the board of directors with such recommendations as the AC considered appropriate
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual

The AC, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor. The AC has also conducted a review of interested person transactions.

The AC convened four meetings during the financial year, with full attendance from all members. The AC has also met with internal and external auditors once without the presence of the Company's management during this financial year.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

DIRECTORS' STATEMENT

7. AUDITOR

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditors.

On behalf of the board of directors:



Dr. Tan Kim Yong
Director



Tan Gim Seng
Director

Singapore

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Independent Auditor's Report to the Members of Advanced Integrated Manufacturing Corp. Ltd.

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Advanced Integrated Manufacturing Corp. Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), set out on pages 40 to 114 which comprise the balance sheets of the Group and the Company as at 31 December 2015, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Independent Auditor's Report to the Members of Advanced Integrated Manufacturing Corp. Ltd.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	2015 US$	2014 US$
Revenue	4	**73,708,595**	74,941,970
Cost of sales		**(65,324,614)**	(64,592,613)
Gross profit		**8,383,981**	10,349,357
Other revenue	5	**179,481**	200,967
Marketing and distribution		**(78,737)**	(134,546)
Administrative expenses		**(7,329,527)**	(7,555,749)
Finance costs	6	**(801,052)**	(744,097)
Other expenses	7	**(76,133)**	(46,422)
Profit before tax	8	**278,013**	2,069,510
Income tax (expense)/credit	9	**(403,671)**	206,706
(Loss)/profit for the financial year and attributable to the owners of the Company		**(125,658)**	2,276,216
Other comprehensive income			
Item that will not be reclassified to profit or loss			
Remeasurement of defined benefit obligation		**43,415**	(29,335)
Items that may be reclassified subsequently to profit or loss			
Net gain on fair value changes of available-for-sale financial assets		**–**	50,955
Net change in fair value due to disposal of available-for-sale financial assets reclassified to profit or loss		**(59,214)**	–
Foreign currency translation		**(38,514)**	(72,834)
		(97,728)	(21,879)
Other comprehensive loss for the financial year, net of tax		**(54,313)**	(51,214)
Total comprehensive (loss)/income for the financial year and attributable to the owners of the Company		**(179,971)**	2,225,002
Earnings per share attributable to owners of the Company (cents per share)			
Basic	10	**(0.10)**	1.73
Diluted	10	**(0.10)**	1.73

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

GROUP BALANCE SHEET

As at 31 December 2015

	Note	Group	
		2015 US$	2014 US$
ASSETS			
Non-current assets			
Property, plant and equipment	11	**6,867,669**	8,048,038
Investment properties	12	**5,674,493**	6,979,632
Intangible assets	13	**1,832,042**	1,832,042
Available-for-sale financial assets	14	**–**	127,246
Deferred tax assets	16	**408,230**	303,000
Total non-current assets		**14,782,434**	17,289,958
Current assets			
Inventories	17	**21,442,347**	25,868,485
Trade and other receivables	18	**16,301,714**	16,026,382
Prepaid operating expenses		**279,932**	175,107
Cash and cash equivalents	19	**4,235,769**	5,832,124
Total current assets		**42,259,762**	47,902,098
Total assets		**57,042,196**	65,192,056
LIABILITIES			
Current liabilities			
Trade and other payables	20	**7,045,216**	11,304,725
Accrued operating expenses		**1,332,379**	1,092,998
Loans and borrowings	21	**11,693,846**	11,922,156
Income tax payables		**119,284**	544,029
Total current liabilities		**20,190,725**	24,863,908
Net current assets		**22,069,037**	23,038,190
Non-current liabilities			
Deferred tax liabilities	16	**39,372**	92,741
Loans and borrowings	21	**5,829,834**	7,903,184
Employee benefits	24	**877,293**	903,420
Total non-current liabilities		**6,746,499**	8,899,345
Total liabilities		**26,937,224**	33,763,253
Net assets		**30,104,972**	31,428,803
EQUITY			
Share capital	25(a)	**28,739,313**	28,739,313
Treasury shares	25(b)	**(345,509)**	(345,509)
Retained earnings		**6,538,543**	7,808,061
Other reserves	26	**(4,827,375)**	(4,773,062)
Total equity		**30,104,972**	31,428,803
Total equity and liabilities		**57,042,196**	65,192,056

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

COMPANY BALANCE SHEET

As at 31 December 2015

	Note	Company 2015 US$	Company 2014 US$
ASSETS			
Non-current assets			
Property, plant and equipment	11	**30,849**	39,846
Investments in subsidiary companies	15	**29,393,740**	29,393,740
Deferred tax assets	16	**45,751**	–
Total non-current assets		**29,470,340**	29,433,586
Current assets			
Trade and other receivables	18	**4,388,869**	4,476,271
Prepaid operating expenses		**6,877**	7,795
Cash and cash equivalents	19	**113,186**	157,670
Total current assets		**4,508,932**	4,641,736
Total assets		**33,979,272**	34,075,322
LIABILITIES			
Current liabilities			
Trade and other payables	20	**4,433,049**	4,765,662
Accrued operating expenses		**152,556**	163,413
Total current liabilities		**4,585,605**	4,929,075
Net current liabilities		**(76,673)**	(287,339)
Non-current liability			
Deferred tax liabilities	16	**–**	6,774
Total non-current liability		**–**	6,774
Total liabilities		**4,585,605**	4,935,849
Net assets		**29,393,667**	29,139,473
EQUITY			
Share capital	25(a)	**28,739,313**	28,739,313
Treasury shares	25(b)	**(345,509)**	(345,509)
Retained earnings		**1,573,397**	1,319,203
Other reserves	26(d)	**(573,534)**	(573,534)
Total equity		**29,393,667**	29,139,473
Total equity and liabilities		**33,979,272**	34,075,322

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Attributable to owners of the Company								
Group	**Share capital US$**	**Treasury shares US$**	**Retained earnings US$**	**Fair value reserve US$**	**Foreign currency translation reserve US$**	**Premium paid on acquisition of non-controlling interests US$**	**Loss on reissuing of treasury shares US$**	**Employee benefits plan reserve US$**	**Total equity US$**
2015									
Opening balance at 1 January 2015	**28,739,313**	**(345,509)**	**7,808,061**	**59,214**	**(4,153,928)**	**49,321**	**(573,534)**	**(154,135)**	**31,428,803**
Loss for the financial year	–	–	(125,658)	–	–	–	–	–	(125,658)
Other comprehensive income									
Net change in fair value due to disposal of available-for-sale financial assets reclassified to profit or loss	–	–	–	(59,214)	–	–	–	–	(59,214)
Remeasurement of defined benefit obligation	–	–	–	–	–	–	–	43,415	43,415
Foreign currency translation	–	–	–	–	(38,514)	–	–	–	(38,514)
Other comprehensive income for the financial year, net of tax	–	–	–	(59,214)	(38,514)	–	–	43,415	(54,313)
Total comprehensive income for the financial year	–	–	(125,658)	(59,214)	(38,514)	–	–	43,415	(179,971)
Contributions by and distributions to owners									
Dividends on ordinary shares (Note 27)	–	–	(1,143,860)	–	–	–	–	–	(1,143,860)
Total contributions by and distributions to owners	–	–	(1,143,860)	–	–	–	–	–	(1,143,860)
Closing balance at 31 December 2015	**28,739,313**	**(345,509)**	**6,538,543**	**–**	**(4,192,442)**	**49,321**	**(573,534)**	**(110,720)**	**30,104,972**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Attributable to owners of the Company								
Group	**Share capital US$**	**Treasury shares US$**	**Retained earnings US$**	**Fair value reserve US$**	**Foreign currency translation reserve US$**	**Premium paid on acquisition of non-controlling interests US$**	**Loss on reissuing of treasury shares US$**	**Employee benefits plan reserve US$**	**Total equity US$**
2014									
Opening balance at 1 January 2014	28,739,313	(345,509)	6,123,651	252,516	(4,081,094)	49,321	(573,534)	(124,800)	30,039,864
Reclassification of fair value reserve	–	–	244,257	(244,257)	–	–	–	–	–
Profit for the financial year	–	–	2,276,216	–	–	–	–	–	2,276,216
Other comprehensive income									
Net gain on fair value changes of available-for-sale financial assets	–	–	–	50,955	–	–	–	–	50,955
Remeasurement of defined benefit obligation	–	–	–	–	–	–	–	(29,335)	(29,335)
Foreign currency translation	–	–	–	–	(72,834)	–	–	–	(72,834)
Other comprehensive income for the financial year, net of tax	–	–	–	50,955	(72,834)	–	–	(29,335)	(51,214)
Total comprehensive income for the financial year	–	–	2,276,216	50,955	(72,834)	–	–	(29,335)	2,225,002
Contributions by and distributions to owners									
Dividends on ordinary shares (Note 27)	–	–	(836,063)	–	–	–	–	–	(836,063)
Total contributions by and distributions to owners	–	–	(836,063)	–	–	–	–	–	(836,063)
Closing balance at 31 December 2014	28,739,313	(345,509)	7,808,061	59,214	(4,153,928)	49,321	(573,534)	(154,135)	31,428,803

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Company	Share capital US$	Treasury shares US$	Retained earnings US$	Loss on reissuing of treasury shares US$	Total equity US$
2015					
Opening balance at 1 January 2015	**28,739,313**	**(345,509)**	**1,319,203**	**(573,534)**	**29,139,473**
Profit for the financial year, representing total comprehensive income for the financial year	**–**	**–**	**1,398,054**	**–**	**1,398,054**
Contributions by and distributions to owners					
Dividends on ordinary shares (Note 27)	**–**	**–**	**(1,143,860)**	**–**	**(1,143,860)**
Total contributions by and distributions to owners	**–**	**–**	**(1,143,860)**	**–**	**(1,143,860)**
Closing balance at 31 December 2015	**28,739,313**	**(345,509)**	**1,573,397**	**(573,534)**	**29,393,667**
2014					
Opening balance at 1 January 2014	28,739,313	(345,509)	1,617,891	(573,534)	29,438,161
Profit for the financial year, representing total comprehensive income for the financial year	–	–	537,375	–	537,375
Contributions by and distributions to owners					
Dividends on ordinary shares (Note 27)	–	–	(836,063)	–	(836,063)
Total contributions by and distributions to owners	–	–	(836,063)	–	(836,063)
Closing balance at 31 December 2014	28,739,313	(345,509)	1,319,203	(573,534)	29,139,473

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	2015 US$	2014 US$
Cash flows from operating activities:		
Profit before tax	**278,013**	2,069,510
Adjustments for:		
Depreciation of property, plant and equipment	**1,164,313**	1,267,086
Depreciation of investment properties	**85,448**	43,078
Employee benefits	**17,288**	446,599
Fair value gain on derivatives	**–**	(17,860)
Gain on disposal of available-for-sale financial assets	**(85,970)**	–
Gain on disposal of property, plant and equipment	**(27,476)**	(79,998)
Impairment loss on inventories	**–**	122,655
Impairment loss on inventories no longer required	**(122,655)**	–
Interest income	**(12,681)**	(13,390)
Interest expenses	**742,146**	671,424
Inventory written off	**154,507**	309
Loss on disposal of a subsidiary	**11,498**	–
Property, plant and equipment written off	**–**	11,875
Unrealised foreign exchange loss	**189,770**	138,358
Operating profit before changes in working capital	**2,394,201**	4,659,646
Decrease/(increase) in inventories	**4,223,700**	(3,315,113)
Increase in trade and other receivables	**(1,258,713)**	(188,608)
Increase in prepaid operating expenses	**(126,051)**	(94,584)
(Decrease)/increase in trade and other payables	**(3,141,802)**	2,433,041
Increase in accrued operating expenses	**271,229**	176,704
Cash generated from operations	**2,362,564**	3,671,086
Interest received	**12,681**	13,390
Interest paid	**(742,146)**	(671,424)
Income tax paid	**(1,005,757)**	(236,604)
Net cash flows generated from operating activities	**627,342**	2,776,448
Cash flows from investing activities:		
Purchase of property, plant and equipment	**(251,372)**	(301,296)
Purchase of investment properties	**(64,165)**	(7,019,982)
Proceeds from disposal of property, plant and equipment	**172,600**	133,824
Proceeds from disposal of available-for-sale financial assets	**154,002**	–
Proceeds from disposal of a subsidiary (Note A)	**167,179**	–
Net cash flows generated from/(used in) investing activities	**178,244**	(7,187,454)

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	2015 US$	2014 US$
Cash flows from financing activities:		
Repayment of trade financing	**(71,710,187)**	(64,164,169)
Proceeds from trade financing	**71,323,105**	66,095,025
Repayment of obligations under finance lease creditors	**(567,023)**	(728,358)
Proceeds from borrowings	**1,415,600**	5,449,346
Repayment of borrowings	**(1,585,100)**	(1,106,095)
Dividend paid	**(1,143,860)**	(836,063)
Net cash flows (used in)/generated from financing activities	**(2,267,465)**	4,709,686
Net (decrease)/increase in cash and cash equivalents	**(1,461,879)**	298,680
Effect of exchange rate changes on cash and cash equivalents	**(134,476)**	(177,405)
Cash and cash equivalents at beginning of the financial year (Note 19)	**5,832,124**	5,710,849
Cash and cash equivalents at end of the financial year (Note 19)	**4,235,769**	5,832,124

Note A:

The net assets arising from the disposal of subsidiary company and the cash flow effects of the disposal were as follows:–

	2015 US$	2014 US$
Property, plant and equipment (Note 11)	**134,035**	–
Inventories	**128,925**	–
Net assets derecognised	**262,960**	–
Loss on disposal of a subsidiary (Note 7)	**(11,498)**	–
Less: Consideration receivable	**(84,283)**	–
Proceeds from disposal of a subsidiary	**167,179**	–

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

1. CORPORATE INFORMATION

Advanced Integrated Manufacturing Corp. Ltd. (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX – ST). The Company's ultimate controlling party is Dr. Tan Kim Yong.

The registered office and principal place of business of the Company is located at 23 Ubi Crescent, Singapore 408579.

The principal activities of the Company are investment holding and the provision of services. The principal activities of the subsidiary companies are set out in Note 15 to the financial statements.

In December 2015, one of the subsidiaries has entered into six asset purchase agreements with external parties for the acquisition of minimart businesses located in Singapore. All asset purchase agreements are conditional upon obtaining the approval from relevant authority for the reassignment of lease agreement. None of the transactions have been completed at the end of the reporting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in United States Dollar (USD or US$), the functional currency of the Company.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2015. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued but not yet effective

The Group has not adopted the following standards that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 16 and FRS 41 *Agriculture – Bearer Plants*	1 January 2016
Amendments to FRS 27 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to FRS 16 and FRS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Improvements to FRSs (November 2015)	
– Amendments to FRS 19 *Employee Benefits*	1 January 2016
– Amendments to FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*	1 January 2016
– Amendments to FRS 107 *Financial Instruments: Disclosures*	1 January 2016
Amendments to FRS 110 and FRS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	1 January 2016
Amendments to FRS 1 *Disclosure Initiative*	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28 *Investment Entities: Applying the Consolidation Exception*	1 January 2016
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018

Except for FRS 115 and FRS 109, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115 and FRS 109 are described below.

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued but not yet effective (Continued)

FRS 115 Revenue from Contracts with Customers (Continued)

Key issues for the Group include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Group to make changes to its current systems and processes.

The Group currently measures one of its investments in unquoted equity securities at cost. Under FRS 109, the Group will be required to measure the investment at fair value. Any difference between the previous carrying amount and the fair value would be recognised in the opening retained earnings when the Group apply FRS 109.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Basis of consolidation and business combinations (Continued)

(a) Basis of consolidation (Continued)

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when controls is lost;
- De-recognises the carrying amount of any non-controlling interest;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Basis of consolidation and business combinations (Continued)

(b) Business combinations (Continued)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.8. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Foreign currency

The financial statements are presented in United States Dollar (US$ or USD), which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) Consolidated financial statements

For consolidated purposes, the assets and liabilities of foreign operations are translated into United States Dollar (US$ or USD) at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land has an unlimited useful life and therefore is not depreciated.

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows:

Freehold building	–	60 years
Leasehold buildings	–	54 years (over term of lease)
Computers	–	5 years
Furniture and fittings	–	5 – 8 years
Motor vehicles	–	5 – 8 years
Office equipment	–	5 – 8 years
Machinery and equipment	–	5 – 8 years
Renovation	–	5 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Investment properties

Investment properties are properties that are either owned by the Group or leased under a finance lease that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of an investment property is met.

Investment properties are initially measured at cost, including transaction costs.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

Freehold land has an unlimited useful life and therefore is not depreciated.

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows:

Freehold building	–	60 years

The carrying values of investment properties are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end and adjusted prospectively, if appropriate.

2.8 Intangible assets

Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Intangible assets (Continued)

Goodwill (Continued)

The cash-generating units to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

2.9 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Impairment of non-financial assets (Continued)

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.10 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.11 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Financial instruments (Continued)

(a) Financial assets (Continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(ii) Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Financial instruments (Continued)

(a) Financial assets (Continued)

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases and sales

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Financial instruments (Continued)

(b) Financial liabilities (Continued)

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.12 Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Impairment of financial assets (Continued)

(a) Financial assets carried at amortised cost (Continued)

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) Financial assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Impairment of financial assets (Continued)

(c) Available-for-sale financial assets (Continued)

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

2.13 Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank and on hand, demand deposits and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

– Raw materials: purchase costs on weighted average basis.

– Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on weighted average basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.16 Government grants

Government grants shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income may be presented as a credit in profit or loss, either separately or under a general heading such as "Other income". Alternatively, they are deducted in reporting the related expenses.

2.17 Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

2.18 Borrowing costs

All borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that on entity incurs in connection with the borrowing of funds.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Defined benefit plan

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation (derived using a discount rate based on high quality corporate bonds) at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in profit or loss. Past service costs are recognised when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognised as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognised immediately in other comprehensive income in the period in which they arise. Remeasurements are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Employee benefits (Continued)

(b) Defined benefit plan (Continued)

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognised as a separate asset at fair value when and only when reimbursement is virtually certain.

2.20 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

As lessee

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Leases (Continued)

As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.22. Contingent rents are recognised as revenue in the period in which they are earned.

2.21 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(a) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

2.22 Other revenue

(a) Interest income

Interest income is recognised using the effective interest method.

(b) Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Taxes (Continued)

(b) Deferred tax (Continued)

– In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Taxes (Continued)

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.24 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.25 Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2.26 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.26 Contingencies (Continued)

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods. Management is of the opinion that there is no significant judgement made in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

3.1 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

3.1 Key sources of estimation uncertainty (Continued)

Valuation of inventories

The Group allocates labour and production overhead costs that are incurred in converting the materials into work-in-progress and finished goods. The valuation for such allocations is estimated based primarily on the estimation of labour and machine hours incurred for each process under normal production capacity. Possible changes in these estimates could result in revisions to the valuation of inventories.

The carrying amount of the Group's inventories at the end of the reporting period is US$21,442,347 (2014: US$25,868,485).

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax provisions already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group country's domicile.

The carrying amount of the Group's income tax payable at the end of the reporting period is US$119,284 (2014: US$544,029).

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Where taxable profits are expected in the foreseeable future, deferred tax assets are recognised on the unused tax losses. The carrying value of recognised tax losses at 31 December 2015 was US$210,285 (2014: US$111,589) and the unrecognised tax losses at 31 December 2015 was US$18,306 (2014: US$442,377).

If the Group was able to recognise all unrecognised deferred tax assets, profit after tax would increase by US$4,577 (2014: US$110,594).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

3.1 Key sources of estimation uncertainty (Continued)

Impairment of intangible assets

As disclosed in Note 13 to the financial statements, the recoverable amounts of the cash generating units which goodwill have been allocated to, have been determined based on value in use calculations. The value in use calculations are based on a discounted cash flow models. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions applied in the determination of the value in use including a sensitivity analysis, are disclosed and further explained in Note 13 to the financial statements.

The carrying amount of the intangible assets at the end of the reporting period is US$1,832,042 (2014: US$1,832,042).

Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

The carrying amount of the Group's loans and receivable at the end of the reporting period is US$20,537,483 (2014: US$21,858,506).

4. REVENUE

Revenue in respect of the Group represents invoiced value of goods supplied and excludes intra-group transactions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

5. OTHER REVENUE

	Group	
	2015	**2014**
	US$	**US$**
Net fair value gains on financial instruments		
– Derivatives	**–**	17,860
Interest income	**12,681**	13,390
Rental income	**–**	8,844
Gain on disposal of property, plant and equipment	**27,476**	79,998
Gain on disposal of available-for-sale financial assets (Note 14)	**85,970**	–
Government grants	**42,523**	26,077
Sundry income	**10,831**	54,798
	179,481	200,967

6. FINANCE COSTS

	Group	
	2015	**2014**
	US$	**US$**
Interest expense on:		
– Borrowings	**697,255**	633,443
– Obligations under finance leases	**44,891**	37,981
Bank charges	**58,906**	72,673
	801,052	744,097

7. OTHER EXPENSES

	Group	
	2015	**2014**
	US$	**US$**
Property, plant and equipment written off	**–**	92
Net foreign exchange movement		
– Realised exchange gain	**(125,135)**	(92,028)
– Unrealised exchange loss	**189,770**	138,358
Loss on disposal of a subsidiary	**11,498**	–
	76,133	46,422

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

8. PROFIT BEFORE TAX

The following items have been included in arriving at profit before tax:

	Group	
	2015	2014
	US$	US$
Audit fees paid to:		
– Auditors of the Company	**204,270**	169,432
– Other auditors	**16,326**	30,475
Depreciation of property, plant and equipment	**1,164,313**	1,267,086
Depreciation of investment properties	**85,448**	43,078
Employees' benefits expense (including directors)		
– Salaries and bonuses	**8,918,285**	9,652,950
– Central Provident Fund contributions	**747,506**	715,715
– Other short-term benefits	**604,926**	476,070
Impairment loss on inventories	**–**	122,655
Impairment loss on inventories no longer required	**(122,655)**	–
Inventories written off	**154,507**	309
Property, plant and equipment written off	**–**	11,875
Operating lease expense	**668,310**	771,298
Legal and other professional fees	**299,762**	359,888

9. INCOME TAX EXPENSE/(CREDIT)

Major components of income tax expense

The major components of income tax expense/(credit) for the years ended 31 December 2015 and 2014 are:

	Group	
	2015	2014
	US$	US$
Current income tax		
– Current income taxation	**285,243**	534,085
– Under/(over) provision in respect of prior years	**277,027**	(589,717)
	562,270	(55,632)
Deferred tax		
– Origination and reversal of temporary differences	**(258,754)**	(149,218)
– Benefits from previously unrecognised tax losses	**–**	(1,856)
– Under provision in respect of prior years	**100,155**	–
	(158,599)	(151,074)
Income tax expense/(credit)	**403,671**	(206,706)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

9. INCOME TAX EXPENSE/(CREDIT) (CONTINUED)

Relationship between tax expense and accounting profit

A reconciliation between the tax expense and the accounting profit before income tax multiplied by the applicable tax rate to income from the Group's operations is as follows:–

	Group	
	2015	**2014**
	US$	**US$**
Profit before tax	**278,013**	2,069,510
Tax at the domestic rates applicable to profits in the countries where the Group operates	**31,197**	392,228
Tax effect of expenses not deductible for tax purposes	**469,173**	242,209
Income not subject to tax	**(324,741)**	(365,090)
Effect of partial tax exemption	**(7,001)**	(64,563)
Tax relief	**(146,716)**	(11,638)
Under/(over) provision of current income tax in prior years	**277,027**	(589,717)
Benefits from previously unrecognised tax losses	**–**	(1,856)
Under provision of deferred tax in respect of prior years	**100,155**	–
Deferred tax assets not recognised	**4,577**	191,721
	403,671	(206,706)

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

The Minister for Finance has announced in Budget 2015 that, for the Years of Assessment (YA) 2016 and 2017, companies will receive a 30% Corporate Income Tax (CIT) Rebate that is subject to a cap of approximately US$14,100 per YA.

As at 31 December 2015, the Group has unutilised tax losses and unabsorbed capital allowances arose from subsidiaries companies of approximately US$998,481 (2014: US$859,913) and US$682,377 (2014: US$347,060) respectively that are available for offset against future taxable income. Deferred tax assets have not been recognised in respect of unutilised tax losses of approximately US$18,306 (2014: US$442,377) because it is not probable that there is sufficient future taxable profit from the subsidiary to be utilised against this item as at the end of the reporting period. The use of these unutilised tax losses are subjected to provisions of the Income Tax Act and agreement by the Inland Revenue Authority in the respective country.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

10. EARNINGS PER SHARE

The basic earnings per share are calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares.

The diluted earnings per share are calculated by dividing profit for the year attributable to owners of the Company by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares.

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share for the financial years ended 31 December:

	Group	
	2015	**2014**
	US$	**US$**
(Loss)/profit net of tax, attributable to owners of the Company used in the computation of basic and diluted earnings per share	**(125,658)**	2,276,216

	Group	
	2015	**2014**
	No. of shares	**No. of shares**
Weighted average number of ordinary shares in issue for basic and diluted earnings per share computation *	**131,273,806**	131,273,806
Basic earnings per share (in US$ cents)	**(0.10)**	1.73
Diluted earnings per share (in US$ cents)	**(0.10)**	1.73

* On 21 May 2015, the Company completed a share consolidation of every five existing issued ordinary shares of the Company into one ordinary share. The weighted average number of shares used for the calculation of earnings per share for the comparative period had been adjusted for the effects of the share consolidation.

There are no dilutive potential ordinary shares.

11. PROPERTY, PLANT AND EQUIPMENT

	Freehold land US$	Freehold building US$	Leasehold buildings US$	Computers US$	Furniture and fittings US$	Motor vehicles US$	Office equipment US$	Machinery and equipment US$	Renovations US$	Total US$
Group										
Cost:										
At 1 January 2014	977,213	2,130,661	2,304,160	1,206,957	1,478,198	774,426	255,209	7,101,722	674,338	16,902,884
Additions	107,139	–	–	51,493	28,793	–	34,268	596,965	24,174	842,832
Currency alignment	–	–	–	–	(8,161)	(644)	(20)	(60,081)	–	(68,906)
Written off	–	–	–	(644)	(3,091)	(7,015)	–	(47,318)	–	(58,068)
Disposals	–	–	–	–	–	(342,728)	–	–	–	(342,728)
At 31 December 2014 and 1 January 2015	**1,084,352**	**2,130,661**	**2,304,160**	**1,257,806**	**1,495,739**	**424,039**	**289,457**	**7,591,288**	**698,512**	**17,276,014**
Additions	–	–	–	25,662	6,734	–	14,155	174,029	30,792	251,372
Currency alignment	–	–	–	–	(6,208)	(1,387)	(193)	(46,774)	–	(54,562)
Written off	–	–	–	–	–	–	–	(5,872)	–	(5,872)
Disposals	–	–	–	(20,306)	(44,390)	(247,236)	(55,011)	(473,267)	–	(840,210)
Disposal of a subsidiary	–	–	–	–	(2,899)	–	(7,895)	(335,016)	–	(345,810)
At 31 December 2015	**1,084,352**	**2,130,661**	**2,304,160**	**1,263,162**	**1,448,976**	**175,416**	**240,513**	**6,904,388**	**729,304**	**16,280,932**

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land US$	Freehold building US$	Leasehold buildings US$	Computers US$	Furniture and fittings US$	Motor vehicles US$	Office equipment US$	Machinery and equipment US$	Renovations US$	Total US$
Group										
Accumulated depreciation:										
At 1 January 2014	–	44,389	464,068	1,129,607	1,319,979	511,730	193,689	4,286,222	410,871	8,360,555
Currency realignment	–	–	–	–	(3,581)	(429)	(25)	(60,535)	–	(64,570)
Depreciation charge for the financial year	–	35,511	41,384	28,060	75,142	65,493	19,128	908,536	93,832	1,267,086
Written off	–	–	–	(552)	(3,091)	(1,827)	–	(40,723)	–	(46,193)
Disposals	–	–	–	–	–	(288,902)	–	–	–	(288,902)
At 31 December 2014 and 1 January 2015	**–**	**79,900**	**505,452**	**1,157,115**	**1,388,449**	**286,065**	**212,792**	**5,093,500**	**504,703**	**9,227,976**
Currency realignment	–	–	–	–	(3,639)	(2,068)	(96)	(60,490)	–	(66,293)
Depreciation charge for the financial year	–	35,511	41,385	36,480	40,794	24,447	20,947	881,170	83,579	1,164,313
Written off	–	–	–	–	–	–	–	(5,872)	–	(5,872)
Disposals	–	–	–	(20,300)	(44,390)	(156,721)	(55,011)	(418,664)	–	(695,086)
Disposal of a subsidiary	–	–	–	–	(1,479)	–	(4,597)	(205,699)	–	(211,775)
At 31 December 2015	**–**	**115,411**	**546,837**	**1,173,295**	**1,379,735**	**151,723**	**174,035**	**5,283,945**	**588,282**	**9,413,263**
Net carrying amount:										
At 31 December 2014	1,084,352	2,050,761	1,798,708	100,691	107,290	137,974	76,665	2,497,788	193,809	8,048,038
At 31 December 2015	**1,084,352**	**2,015,250**	**1,757,323**	**89,867**	**69,241**	**23,693**	**66,478**	**1,620,443**	**141,022**	**6,867,669**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Computers US$
Company	
Cost:	
At 1 January 2014	719,511
Additions	23,028
At 31 December 2014, 1 January 2015 and 31 December 2015	**742,539**
Accumulated depreciation:	
At 1 January 2014	697,917
Depreciation charge for the financial year	4,776
At 31 December 2014 and 1 January 2015	702,693
Depreciation charge for the financial year	8,997
At 31 December 2015	**711,690**
Net carrying amount:	
At 31 December 2014	39,846
At 31 December 2015	**30,849**

Details of the Group's buildings are as follows:

Location	Description	Tenure	Land area (Square meter)
Freehold building			
6 Jalan Laman Setia 7/3 Taman Setia Eco Garden 81550 Johor Bahru Johor Darul Takzim Malaysia	A double storey detached factory	Freehold	7,150
Leasehold building			
23 Ubi Crescent, Singapore 408579	A 4-storey intermediate terrace factory	60 year's lease commencing 5 July 1997	421
25 Ubi Crescent, Singapore 408580	A 4-storey intermediate terrace factory	60 year's lease commencing 5 July 1997	421

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

As at 31 December 2015, the freehold land and building and leasehold buildings of the Group with a carrying amount of US$3,099,602 (2014: US$3,135,113) and US$1,757,323 (2014: US$1,798,708), respectively, were pledged to secure bank borrowings granted to the subsidiaries.

Assets held under finance leases

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of nil (2014: US$541,536) by means of finance leases. The cash outflow on acquisition of property, plant and equipment amounted to US$251,372 (2014: US$301,296).

The carrying amount of property, plant and equipment held under finance leases at the end of the reporting period were US$792,472 (2014: US$1,187,804) in respect of motor vehicles and plant and machinery held by subsidiaries.

12. INVESTMENT PROPERTIES

	Freehold land US$	Freehold building US$	Total US$
Cost:			
At 1 January 2014	–	–	–
Additions	2,177,974	4,842,008	7,019,982
At 31 December 2014 and 1 January 2015	**2,177,974**	**4,842,008**	**7,019,982**
Additions	–	64,165	64,165
Currency realignment	(403,770)	(897,650)	(1,301,420)
At 31 December 2015	**1,774,204**	**4,008,523**	**5,782,727**
Accumulated depreciation:			
At 1 January 2014	–	–	–
Depreciation charge for the financial year	–	43,078	43,078
Currency realignment	–	(2,728)	(2,728)
At 31 December 2014 and 1 January 2015	**–**	**40,350**	**40,350**
Depreciation charge for the financial year	–	85,448	85,448
Currency realignment	–	(17,564)	(17,564)
At 31 December 2015	**–**	**108,234**	**108,234**
Net carrying amount:			
At 31 December 2014	2,177,974	4,801,658	6,979,632
At 31 December 2015	**1,774,204**	**3,900,289**	**5,674,493**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

12. INVESTMENT PROPERTIES (CONTINUED)

Valuation of investment properties

Investment properties are stated at cost less accumulated depreciation and any impairment losses. The management estimated that the fair values of the freehold land and freehold building as at 31 December 2015 was US$2,561,893 (2014: US$2,081,368) and US$4,192,189 (2014: US$4,846,042), respectively. The fair values were based on market values, being the estimated amount for which a property in the comparable location that could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction, after proper marketing wherein the parties had acted knowledgeably and willingly.

As at 31 December 2015, one of the investment properties was leased to a subsidiary for the accommodation of a manager.

The following amounts are recognised in the profit or loss:

	2015 US$	2014 US$
Expenses arising from the completed investment property		
– Depreciation	**85,448**	43,078
– Maintenance fee	**20,208**	11,676
– Property tax	**5,600**	508
– Insurance	**704**	1,434
– Legal and professional fees	**5,270**	51,646
	117,230	108,342

Properties pledged as security

Investment properties amounting to US$5,674,493 (2014: US$6,979,632) are mortgaged to secure bank loans (Note 21 and 30).

Details of the Group's land and buildings are as follows:

Location	Description	Tenure	Land area (Square meter)
Freehold land			
Lot PT 1353, HS(D) 16501, Daerah Timor Laut, Bandar Tanjong Pinang, Seksyen 1, Pulau Pinang Malaysia	A piece of vacant land	Freehold	1,838

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

12. INVESTMENT PROPERTIES (CONTINUED)

Properties pledged as security (continued)

Location	Description	Tenure	Land area (Square meter)
Freehold building			
01, Storey No: 37, Building No: B, 1 Tanjong, Penang, Malaysia	A condominium unit	Freehold	778
01, Storey No: 38, Building No: B, 1 Tanjong, Penang, Malaysia	A condominium unit	Freehold	778
01, Storey No: 39, Building No: B, 1 Tanjong, Penang, Malaysia	A condominium unit	Freehold	778

13. INTANGIBLE ASSETS

Goodwill

	Printed Circuit Board Assembly and Kitting (PCBA/Kitting) US$	Precision Machined Components (PMC) US$	Total US$
Group			
At 1 January 2014, 31 December 2014, 1 January 2015 and 31 December 2015	**932,712**	**899,330**	**1,832,042**

Impairment testing of goodwill

Goodwill arising from the above acquisitions is separately considered under the PCBA/kitting and PMC segments which in themselves are cash-generating units ("CGU"). The impairment reviews on the goodwill recognised for each of the segments are done by comparing the recoverable amounts, determined based on value-in-use calculation with the carrying value of each CGU.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

13. INTANGIBLE ASSETS (CONTINUED)

Goodwill (continued)

Impairment testing of goodwill (continued)

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow projections beyond the five-year period are as follows:

	PCBA/Kitting		PMC	
	2015	**2014**	**2015**	**2014**
Growth rates	**5%**	5%	**5%**	5%
Pre-tax discount rates	**6.47%**	5.90%	**2.94%-5.92%**	3.17%-7.16%

Key assumptions used in the value in use calculation

The calculations of value in use for the CGUs are most sensitive to the following assumptions:

Pre-tax discount rates – Discount rates represent the current market assessment of the risks specific to each CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital ("WACC"). The WACC takes into account the cost of servicing both components of debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Growth rates – The forecasted growth rates are based on published industry research and do not exceed the long-term average growth rate for the industries relevant to the CGUs.

Market share assumptions – These assumptions are important because, as well as using industry data for growth rates (as noted above), management assesses how the CGU's position, relative to its competitors, might change over the budget period. Management expects the Group's share of the electronics markets to be stable over the budget period.

Sensitivity to changes in assumptions

With regards to the assessment of value in use for the PCBA/kitting and PMC segments, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the individual unit to materially exceed its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

14. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group	
	2015	**2014**
	US$	**US$**
Available-for-sale		
Quoted equity shares at fair value	**–**	127,246
Unquoted equity shares, at cost	**5,227,135**	5,227,135
Less: Allowance for impairment	**(5,227,135)**	(5,227,135)
	–	–
Net carrying amount	**–**	127,246

During the financial years, the Group did not recognise any impairment loss for the quoted available-for-sale financial assets as there was no "significant" or "prolonged" decline in the fair value of these investments below their costs. The Group treats "significant" generally as a 30% decrease in value and "prolonged" as greater than 12 months.

The quoted equity investment relates to a long term investment in a company incorporated in South Korea and listed in South Korea Stock Exchange, which was disposed during the year at a gain of US$85,970. The interest held by the Group is nil (2014: 0.37%) as at 31 December 2015.

The unquoted equity investment relates to investment in a company incorporated in United States of America. The interest held by the Group is 4.63% (2014: 4.63%) as at 31 December 2015. The investee company are engaged in research and development activities and/or the commercial application of this knowledge. The recoverability of these investments is uncertain and dependent on the outcome of these activities, which cannot presently be determined. The fair value cannot be fairly estimated and the investment is fully provided for impairment since prior years.

15. INVESTMENTS IN SUBSIDIARY COMPANIES

	Company	
	2015	**2014**
	US$	**US$**
Unquoted shares, at cost	**29,393,740**	27,874,013
Issuance of additional shares by subsidiary	**–**	1,519,727
	29,393,740	29,393,740

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

15. INVESTMENTS IN SUBSIDIARY COMPANIES (CONTINUED)

The subsidiary companies as at 31 December are:–

Name of company (Country of incorporation and operations)	Principal activities	Cost		Percentage of equity held by the Company	
		2015 US$	2014 US$	2015 %	2014 %
Held by the Company					
Advanced Manufacturing Corporation Pte. Ltd. * (Singapore)	Corporate headquarters, sales, marketing and logistics	**22,809,034**	22,809,034	**100**	100
HAO Mart Pte. Ltd. formerly known as IMS Corporation Pte. Ltd. * (Singapore)	Investment holding	**1,796,944**	1,796,944	**100**	100
PT AMC Bintan ** (Indonesia)	Manufacturing of PCBA and related sub-assembly	**–**	–	**0.05**	0.05
Advanced Manufacturing Corp (Penang) Sdn. Bhd. * (Malaysia)	Manufacturing of PCBA and related sub-assembly	**712,454**	712,454	**100**	100
New Century Aerospace Pte. Ltd. * (Singapore)	Manufacture and assembly of aircraft and space craft parts	**393,686**	393,686	**15**	15
Colbree Precision Ltd. *** (United Kingdom)	Manufacturing of precision machined components for aerospace, avionics, medical, automotive and telecommunication	**2,161,865**	2,161,865	**100**	100
Vincente Property Sdn. Bhd. * (Malaysia)	Land banking and property investment	**1,519,757**	1,519,757	**100**	100
Held by Advanced Manufacturing Corporation Pte. Ltd.					
PT AMC Bintan ** (Indonesia)	Manufacturing of PCBA and related sub-assembly	**3,800,001**	3,800,001	**99.95**	99.95

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

15. INVESTMENTS IN SUBSIDIARY COMPANIES (CONTINUED)

Name of company (Country of incorporation and operations)	Principal activities	Cost		Percentage of equity held by the Company	
		2015 US$	2014 US$	2015 %	2014 %
Held by HAO Mart Pte. Ltd. formerly known as IMS Corporation Pte. Ltd.					
New Century Aerospace Pte. Ltd. * (Singapore)	Manufacture and assembly of aircraft and space craft parts	**2,341,786**	2,341,786	**85**	85
Held by New Century Aerospace Pte. Ltd.					
New Century Aerospace (Johor) Sdn. Bhd. * (Malaysia)	Manufacture and assembly of aircraft and space craft parts	**802,669**	802,669	**100**	100
Held by Colbree Precision Ltd					
Colbree Advanced Products Ltd.*** (United Kingdom)	Complimentary engineering services	**168,278**	168,278	**100**	100
Colbree Thailand Co. Ltd. **** (Thailand)	Computer numerical control of tuning of precision components, supplying for automotive industry	**–**	177,164	**–**	100

* Audited by Ernst & Young LLP, Singapore
** Audited by Ernst & Young, Indonesia
*** Audited by Barnes Roffe LLP, United Kingdom
**** Audited by RPCB & Partners Pro Audits Limited, Thailand

Changes in investments in subsidiary companies in 2015

a. Disposal of investment in subsidiary

On 28 August 2015, the Group entered into a sale agreement to dispose of its entire interest in its indirect subsidiary, Colbree Thailand Co. Ltd., at a consideration of US$251,462. The disposal consideration was to be fully settled in cash. The disposal was completed on 1 September 2015, on which date control of Colbree Thailand Co. Ltd. passed to the acquirer.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

15. INVESTMENTS IN SUBSIDIARY COMPANIES (CONTINUED)

Changes in investments in subsidiary companies in 2014

a. Issuance of additional shares by subsidiary

Vincente Property Sdn. Bhd. issued 4,999,900 new shares, which was subscribed by the Company for US$1,519,727.

b. Conversion of amount due from to share capital

Advanced Manufacturing Corportion Pte. Ltd. converted its loan amounted to US$3,800,000 for 38,000 new shares in PT AMC Bintan.

16. DEFERRED TAX ASSETS/(LIABILITIES)

	Group				Company	
	Consolidated balance sheet		Consolidated statement of comprehensive income		Balance sheet	
	2015 US$	2014 US$	2015 US$	2014 US$	2015 US$	2014 US$
Deferred tax assets:						
Provisions	**219,323**	120,142	**99,181**	58,216	**–**	–
Differences in depreciation for tax purposes	**(162,860)**	(20,081)	**(142,779)**	(26,116)	**10,052**	–
Unutilised tax losses	**210,285**	111,589	**98,696**	27,404	**35,699**	–
Unutilised capital allowances	**141,482**	91,350	**50,132**	16,784	**–**	–
	408,230	303,000			**45,751**	–
Deferred tax liabilities:						
Differences in depreciation for tax purposes	**(39,372)**	(92,741)	**53,369**	142,813	**–**	(6,774)
Unutilised tax losses	**–**	–	**–**	(24,897)	**–**	–
Unutilised capital allowances	**–**	–	**–**	(43,130)	**–**	–
	(39,372)	(92,741)			**–**	(6,774)
Deferred tax expense			**158,599**	151,074		

Tax consequences of proposed dividends

There are no income tax consequences (2014: nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 27).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

17. INVENTORIES

	Group	
	2015	2014
	US$	US$
Raw materials (at cost)	**13,322,168**	14,933,206
Work in progress (at cost)	**4,026,541**	6,808,911
Finished goods (at cost or net realisable value)	**4,093,638**	4,126,368
	21,442,347	25,868,485
Inventories are recognised as an expenses in cost of sales	**52,762,531**	51,598,616
Inclusive of the following charge:		
– Inventories written off	**154,507**	309
– Impairment loss on inventories	**–**	122,655
– Impairment loss on inventories no longer required	**(122,655)**	–

18. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015	2014	2015	2014
	US$	US$	US$	US$
Trade receivables				
– External parties	**15,268,451**	15,162,105	**–**	–
Other receivables				
– External parties	**305,518**	564,742	**–**	–
– Amount due from subsidiaries	**–**	–	**4,388,869**	4,476,271
Deposits	**727,745**	299,535	**–**	–
Total trade and other receivables	**16,301,714**	16,026,382	**4,388,869**	4,476,271
Add: Cash and cash equivalents (Note 19)	**4,235,769**	5,832,124	**113,186**	157,670
Total loans and receivables	**20,537,483**	21,858,506	**4,502,055**	4,633,941

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 75 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

18. TRADE AND OTHER RECEIVABLES (CONTINUED)

Amount due from subsidiaries

The amount due from subsidiaries is non-trade in nature, unsecured, interest free, has no fixed term of repayment and is expected to be settled in cash.

Trade and other receivables denominated in foreign currencies at 31 December are as follows:

	Group		Company	
	2015	2014	2015	2014
	US$	US$	US$	US$
Singapore Dollar	**679,237**	542,478	**3,140,982**	7,795
Malaysia Ringgit	**398,229**	318,485	**–**	–
Great Britain Pound	**–**	20,895	**–**	–
Euro	**4,346**	–	**–**	–

Receivables that are past due but not impaired

The Group has trade receivables amounting to US$2,784,696 (2014: US$2,035,952) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	2015	2014
	US$	US$
Trade receivables past due:		
Less than 30 days	**2,074,691**	1,404,430
30 to 60 days	**598,132**	549,438
More than 60 days	**111,873**	82,084
	2,784,696	2,035,952

19. CASH AND CASH EQUIVALENTS

	Group		Company	
	2015	2014	2015	2014
	US$	US$	US$	US$
Cash at bank	**4,224,718**	5,820,951	**113,186**	157,670
Cash in hand	**11,051**	11,173	**–**	–
	4,235,769	5,832,124	**113,186**	157,670

The above cash and cash equivalents are not restricted to use by the Company and the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

19. CASH AND CASH EQUIVALENTS (CONTINUED)

Cash and cash equivalents denominated in foreign currencies at 31 December are as follows:

	Group		Company	
	2015	2014	2015	2014
	US$	US$	US$	US$
Singapore Dollar	**455,361**	433,789	**62,373**	105,857
Malaysia Ringgit	**395,950**	1,388,901	**–**	–
Indonesia Rupiah	**15,452**	19,565	**–**	–

20. TRADE AND OTHER PAYABLES

	Group		Company	
	2015	2014	2015	2014
	US$	US$	US$	US$
Trade payables				
– External parties	**5,914,675**	9,606,745	**–**	–
Other payables				
– External parties	**1,130,541**	1,697,980	**1,160**	908
– Amount due to subsidiaries	**–**	–	**4,431,889**	4,764,754
	7,045,216	11,304,725	**4,433,049**	4,765,662
Add: Accrued operating expenses	**1,332,379**	1,092,998	**152,556**	163,413
Add: Loan and borrowings (Note 21)	**17,523,680**	19,825,340	**–**	–
Total financial liabilities carried at amortised cost	**25,901,275**	32,223,063	**4,585,605**	4,929,075

Trade payables/other payables

These amounts are non-interest bearing. Trade payables are normally settled on 60-day terms, while other payables have an average term of six months.

Amount due to subsidiaries

This amount is non-trade related and non-interest bearing loan, repayable on demand and is to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

20. TRADE AND OTHER PAYABLES (CONTINUED)

Trade and other payables denominated in foreign currencies as at 31 December are as follows:

	Group		Company	
	2015 US$	2014 US$	2015 US$	2014 US$
Singapore Dollar	**600,724**	619,371	**2,913,877**	84,021
Malaysia Ringgit	**95,986**	158,420	**–**	–
Great Britain Pound	**69,173**	26,478	**–**	–
Euro	**3,529**	114,177	**–**	–
Indonesia Rupiah	**50,672**	201,392	**–**	–

21. LOANS AND BORROWINGS

	Group	
	2015 US$	2014 US$
Current		
Obligation under finance leases (Note 22)	**351,913**	507,651
Trade financing	**9,096,312**	9,871,726
Factoring	**297,336**	–
Bank loans		
– SGD[1] loan at 2.80% fixed rate	**206,300**	377,958
– SGD loan at 2.85% fixed rate	**707,313**	–
– USD[2] loan at SIBOR + 1.5% p.a.	**215,578**	218,598
– USD loan at SIBOR + 2% p.a.	**217,961**	215,273
– MYR[3] loan at BLR – 2.2% p.a.	**73,098**	86,169
– MYR loan at BLR + 1.65% p.a.	**475,115**	583,240
– MYR loan at BLR – 0.5% p.a.	**52,920**	61,541
	11,693,846	11,922,156
Non-current		
Obligation under finance leases (Note 22)	**182,577**	578,284
Bank loans		
– SGD loan at 2.80% fixed rate	**–**	220,475
– SGD loan at 2.85% fixed rate	**648,372**	–
– USD loan at SIBOR + 1.5% p.a.	**414,603**	628,821
– USD loan at SIBOR + 2% p.a.	**478,287**	696,205
– MYR loan at BLR – 2.2% p.a.	**1,826,330**	2,335,565
– MYR loan at BLR + 1.65% p.a.	**1,209,678**	2,068,216
– MYR loan at BLR – 0.5% p.a.	**1,069,987**	1,375,618
	5,829,834	7,903,184
Total loans and borrowings	**17,523,680**	19,825,340

[1] SGD denotes Singapore Dollar

[2] USD denotes United States Dollar

[3] MYR denotes Malaysia Ringgit

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

21. LOANS AND BORROWINGS (CONTINUED)

Obligations under finance leases

These obligations are secured by a charge over the leased assets (Note 11). The average discount rate implicit in the leases is ranging from 2.19% – 3.57% p.a. (2014: 2.19% – 3.57% p.a.). The obligations are denominated in the respective functional currencies of the relevant entities in the Group.

SGD loan at 2.80% fixed rate

This loan is fully repayable in 2016 and is secured by corporate guarantee (Note 30).

SGD loan at 2.85% fixed rate

This loan is fully repayable in 2017 and is secured by corporate guarantee (Note 30).

USD loan at SIBOR + 1.5% p.a.

This loan is fully repayable in 2018 and is secured by first mortgage over certain buildings (Note 11) and corporate guarantee (Note 30).

USD loan at SIBOR + 2% p.a.

This loan is fully repayable in 2018 and is secured by first mortgage over certain buildings (Note 11) and corporate guarantee (Note 30).

MYR loan at BLR – 2.2% p.a.

This loan is fully repayable in 2032 and is secured by first mortgage over freehold land and building (Note 11) and corporate guarantee (Note 30).

MYR loan at BLR + 1.65% p.a.

This loan is fully repayable in 2019 and is secured by first mortgage over freehold building (Note 12) and corporate guarantee (Note 30).

MYR loan at BLR – 0.5% p.a.

This loan is fully repayable in 2029 and is secured by first mortgage over freehold land (Note 12) and corporate guarantee (Note 30).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

22. FINANCE LEASES COMMITMENTS

The Group has finance leases for motor vehicles and machineries.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	2015 US$		2014 US$	
	Minimum leases payments	**Present value of payments (Note 21)**	**Minimum leases payments**	**Present value of payments (Note 21)**
Not later than one year	**372,340**	**351,913**	550,510	507,651
Later than one year but not more than five years	**194,841**	**182,577**	616,583	578,284
Total minimum leases payments	**567,181**	**534,490**	1,167,093	1,085,935
Amounts representing finance charges	**(32,691)**	**–**	(81,158)	–
Present value of minimum lease payments	**534,490**	**534,490**	1,085,935	1,085,935

23. DERIVATIVES

	Group and Company	
	2015 US$	2014 US$
Current	–	–

The movement of derivatives in 2015 and 2014 are as follows:

	Group and Company	
	2015 US$	2014 US$
At 1 January	–	17,860
Fair value through profit or loss	–	–
Share option expired	–	(17,860)
	–	–

On 30 April 2012, the Company entered into a Sale and Purchase Agreement (the "Agreement") to acquire the remaining 17.0% of the issued and paid-up capital in New Century Aerospace Pte Ltd ("NCA") held by minority shareholders ("Vendors"). Part of the consideration for the acquisition was the grant of call options to the Vendors to purchase a maximum of 3,522,600 shares in the Company at S$0.12 per share within the period from 30 April 2012 to 30 April 2015. The call options expired in 2014 with none having been exercised by the Vendors.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

24. EMPLOYEE BENEFITS

Only the Group's Indonesian subsidiary has a defined benefits retirement plan covering substantially all of their eligible permanent employees.

The Group recognised post employment benefits for all its permanent employees in Indonesia pursuant to Indonesian Labor Law No. 13/2003. The provision for post employment benefits is based on the calculation of an independent actuary, using the "Projected Unit Credit" method. No fund was operated for such liability for post employment benefits.

(a) Employee benefits expense

The components of the post employment benefit expenses recognised in profit or loss are as follows:

	Group	
	2015	**2014**
	US$	**US$**
Service cost	**92,953**	100,839
Interest cost	**69,717**	37,668
Employee benefits expense	**162,670**	138,507

(b) Employee benefits liability

	Group	
	2015	**2014**
	US$	**US$**
Present value of defined benefit obligation	**877,293**	903,420
Fair value of plan assets	**–**	–
Net liability arising from defined benefit obligation	**877,293**	903,420

The movement of employee benefits liability in 2015 and 2014 are as follows:

	Group	
	2015	**2014**
	US$	**US$**
At 1 January	**903,420**	427,486
Interest cost	**69,717**	37,668
Current service cost	**92,953**	100,839
Past service cost	**–**	308,209
Remeasurement (gain)/losses:		
Actuarial (gains) and losses arising from changes in financial assumptions	**(72,630)**	38,074
Benefits paid	**(12,216)**	(9,415)
Exchange differences	**(103,951)**	559
At 31 December	**877,293**	903,420

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

24. EMPLOYEE BENEFITS (CONTINUED)

(b) Employee benefits liability (continued)

The post employment benefits as well as the present value of the defined benefit obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used in determining post employment benefits for the defined benefit plans are shown below:

	Group	
	2015	**2014**
Discount rate	**9%**	8.3%
Future salary increases	**9% per annum**	9% per annum
Normal pension age	**55 years**	55 years
Post retirement mortality for pensioners at 65	**Indonesia Table Mortality 11**	Indonesia Table Mortality 11

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming if all other assumptions were held constant:

		Group
	Increase/ (decrease)	**31 December 2015 Unfunded post-employment benefits US$**
Discount rate	+100 basis points	(138,404)
	-100 basis points	166,593
Future salary increases	+1.0%	147,638
	-1.0%	(125,547)

The Group's defined benefit pension is funded by its subsidiary.

The Group expects to contribute US$201,608 to the defined benefit pension plans in 2016.

The average duration of the defined benefit obligation at the end of the reporting period is 16.35 years (2014: 16.70 years).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

25. SHARE CAPITAL AND TREASURY SHARES

(a) Share capital

	Group and Company			
	2015		2014	
	No. of shares*	US$	No. of shares	US$
Issued and fully paid ordinary shares				
At beginning and end of the financial year	**131,797,951**	**28,739,313**	658,990,000	28,739,313

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

The Company has an employee share option scheme under which options to subscribe for the Company's ordinary shares are granted to eligible employees of the Group. However, there had been no employee share options granted to the employees of the Group since approval of the scheme.

(b) Treasury shares

	Group and Company			
	2015		2014	
	No. of shares*	US$	No. of shares	US$
At 1 January and 31 December	**524,145**	**345,509**	2,620,725	345,509

Treasury shares relate to ordinary shares of the Company that are held by the Company.

* On 21 May 2015, the Company completed a share consolidation of every five existing issued ordinary shares of the Company into one ordinary share.

26. OTHER RESERVES

	Group	
	2015 US$	2014 US$
Fair value reserve	**–**	59,214
Foreign currency translation reserve	**(4,192,442)**	(4,153,928)
Premium paid on acquisition of non-controlling interests	**49,321**	49,321
Loss on reissuing of treasury share	**(573,534)**	(573,534)
Employee benefits plan reserve	**(110,720)**	(154,135)
	(4,827,375)	(4,773,062)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

26. OTHER RESERVES (CONTINUED)

	Company	
	2015	2014
	US$	US$
Loss on reissuing of treasury share	**(573,534)**	(573,534)

(a) Fair value reserve

Fair value reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

(b) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(c) Premium paid on acquisition of non-controlling interest

The premium paid on acquisition of non-controlling interest arising from the acquisition of the remaining non-controlling interest of the subsidiary. This amount represents the consideration paid net of net tangible assets of the non-controlling interest of the subsidiary.

(d) Loss on reissuing of treasury share

This represents the gain or loss arising from purchase, sale, issue or cancellation of treasury shares. No dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made in respect of this reserve.

(e) Employee benefits plan reserve

Employee benefits plan reserve represents the cumulative fair value changes in the pension related assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

27. DIVIDENDS

	Group and Company	
	2015	2014
	US$	US$
Declared and paid during the financial year:		
Final exempt (one-tier) dividend in respect of financial year ended 2014: US$0.0017 cents (2013: US$0.0013 cents) per share	**1,143,860**	836,063
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
Final exempt (one-tier) dividend for 2015: US$0.0081 cents (2014: US$0.0017 cents) per share	**1,072,059**	1,120,283

28. RELATED PARTIES TRANSACTIONS

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decision.

Some of the Group's transactions and arrangements are with related parties and the effects of these as determined between the parties are reflected in these financial statements.

The following transactions between the Group and related parties took place on terms agreed between the parties during the financial year:

		Group	
		2015	2014
		US$	US$
(a)	**Sale and purchase of goods and services**		
	Purchases of materials from a company related to a director	**90,635**	60,366
	Fees paid and payable for provision of professional services to a firm which related to an Independent Director	**8,688**	8,663

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

28. RELATED PARTIES TRANSACTIONS (CONTINUED)

		Group	
		2015	2014
		US$	US$
(b)	**Employees' benefit paid to related parties**		
	Remuneration of employees related to directors (excluding key management personnel)	**183,792**	441,814
(c)	**Compensation of key management personnel**		
	Short-term employee benefits	**2,224,168**	2,349,959
	Central Provident Fund contributions	**93,054**	99,671
	Other short-term benefits	**388,329**	305,874
		2,705,551	2,755,504
	Comprise amounts paid to:		
	Directors of the Company	**1,744,081**	1,717,387
	Other key management personnel	**961,470**	1,038,117
		2,705,551	2,755,504

29. COMMITMENTS

Operating lease commitments – as lessee

The future minimum lease payables under non-cancellable operating lease contracted for at the end of the reporting period but not recognised as liabilities, are as follows:

	Group	
	2015	2014
	US$	US$
Not later than one year	**87,738**	60,594
Later than one year but not later than five years	**58,368**	247,942
	146,106	308,536

30. CORPORATE GUARANTEES

During the financial year, the Company provided corporate guarantees to banks for loan credit facilities and hire purchase arrangement to subsidiaries amounting to US$32.59 million (2014: US$26.73 million). As at 31 December 2015, US$15.74 million (2014: US$19.12 million) had been drawn down under the facilities, of which US$5.12 million (2014: US$7.45 million) and US$10.61 million (2014: US$11.66 million) are reflected in the consolidated balance sheet in non-current and current interest-bearing loans, respectively. The fair values of this corporate guarantee have been determined to be insignificant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

31. FAIR VALUE OF ASSETS AND LIABILITIES

(a) Fair value hierarchy

The Group categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(b) Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Quoted prices in active markets for identical instruments (Level 1) US$	Significant other observable inputs (Level 2) US$	Significant unobservable inputs (Level 3) US$	Total US$
Recurring fair value measurements				
Group				
2015				
Financial assets:				
Available-for-sale financial assets (Note 14)				
– Quoted shares	–	–	–	–
At 31 December 2015	–	–	–	–
2014				
Financial assets:				
Available-for-sale financial assets (Note 14)				
– Quoted shares	127,246	–	–	127,246
At 31 December 2014	127,246	–	–	127,246

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

31. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(c) Assets and liabilities not carried at fair value but for which fair value is disclosed

The following table shows an analysis of the Group's assets and liabilities not measured at fair value but for which fair value is disclosed:

	Group				
	Fair value measurements at the end of the reporting period using				
	Quoted prices in active markets for identical instruments (Level 1) US$	Significant other observable inputs (Level 2) US$	Significant unobservable inputs (Level 3) US$	Total US$	Carrying amount US$
2015					
Assets:					
Investment properties (Note 12)					
– Freehold land	**–**	**–**	**2,561,893**	**2,561,893**	**1,774,204**
– Freehold building	**–**	**4,192,189**	**–**	**4,192,189**	**3,900,289**
At 31 December 2015	**–**	**4,192,189**	**2,561,893**	**6,754,082**	**5,674,493**
2014					
Financial assets:					
Investment properties (Note 12)					
– Freehold land	–	–	2,081,368	2,081,368	2,177,974
– Freehold building	–	4,846,042	–	4,846,042	4,801,658
At 31 December 2014	–	4,846,042	2,081,368	6,927,410	6,979,632

Determination of fair value

Investment properties (Note 12)

The fair values as disclosed in the table above are estimated by an external valuation expert, based on comparable market transactions that consider sales of similar properties that have been transacted in the open market.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

31. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(d) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

It is not practicable to determine the fair value of amount due from subsidiaries as the timing of future cash flows arising from the amount cannot be estimated reliably.

32. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, interest rate risk, liquidity risk, market risk and foreign currency risk. The board of directors reviews and agrees policies and procedures for the management of these risks.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's and Company's exposure to these financial risks or manner in which it manages and measures the risks.

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheet and the corporate guarantees provided by the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

32. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (continued)

Credit risk (continued)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country profile of its trade and other receivables on an ongoing basis. The credit risk concentration profile of the Group's trade and other receivables at the end of the reporting period is as follows:

	Group			
	2015		2014	
	US$	%	US$	%
Malaysia	**8,467,024**	**54**	7,178,911	46
Singapore	**3,628,305**	**23**	4,853,958	31
United States	**1,470,689**	**10**	1,366,975	9
United Kingdom	**1,911,665**	**12**	2,098,856	13
Others	**96,286**	**1**	228,147	1
	15,573,969	**100**	15,726,847	100

At the end of the reporting period, approximately 80% (2014: 74%) of the trade and other receivables balance is due from one major customer.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents are placed with reputable financial institutions and no history of default.

Financial assets that are past due but not impaired

Information regarding financial assets that are past due but not impaired is disclosed in Note 18.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from their loans and borrowings and interest-bearing advances from related parties. The Group's and the Company's financial assets and liabilities at floating rates are re-priced regularly with the financial institutions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

32. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (continued)

Interest rate risk (continued)

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts. The Group's policy is to keep 50% to 60% (2014: 50% to 60%) of its loans and borrowings at fixed rates of interest.

Sensitivity analysis for interest rate risk

At the end of reporting period, if interest rates had been 100 (2014: 100) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been US$50,079 (2014: US$68,635) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility as in prior years.

Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is that not more than 70% (2014: 70%) of loans and borrowings (including overdrafts) should mature in the next one year period, and that to maintain sufficient liquidity financial assets and stand-by credit facilities with different banks. At the end of the reporting period, approximately 67% (2014: 60%) of the Group's loans and borrowings will mature in less than one year based on the carrying amount reflected in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

32. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's financial assets and liabilities at the end of reporting period based on contractual undiscounted repayment obligations.

	2015 US$				2014 US$			
	One year or less	One to five years	Over five years	Total	One year or less	One to five years	Over five years	Total
Group								
Financial assets:								
Trade and other receivables	**16,301,714**	**–**	**–**	**16,301,714**	16,026,382	–	–	16,026,382
Cash and cash equivalents	**4,235,769**	**–**	**–**	**4,235,769**	5,832,124	–	–	5,832,124
Total undiscounted financial assets	**20,537,483**	**–**	**–**	**20,537,483**	21,858,506	–	–	21,858,506
Financial liabilities:								
Trade and other payables	**7,045,216**	**–**	**–**	**7,045,216**	11,304,725	–	–	11,304,725
Finance lease liabilities	**372,340**	**194,841**	**–**	**567,181**	550,510	616,583	–	1,167,093
Accrued operating expenses	**1,332,379**	**–**	**–**	**1,332,379**	1,092,998	–	–	1,092,998
Bank borrowings	**11,669,072**	**4,066,241**	**4,495,720**	**20,231,033**	11,414,505	4,331,462	2,993,438	18,739,405
Total undiscounted financial liabilities	**20,419,007**	**4,261,082**	**4,495,720**	**29,175,809**	24,362,738	4,948,045	2,993,438	32,304,221
Total net undiscounted financial assets/ (liabilities)	**118,476**	**(4,261,082)**	**(4,495,720)**	**(8,638,326)**	(2,504,232)	(4,948,045)	(2,993,438)	(10,445,715)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

32. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

The table below summarises the maturity profile of the Company's financial assets and liabilities at the end of reporting period based on contractual undiscounted repayment obligations.

	2015 US$ One year or less/total	2014 US$ One year or less/total
Company		
Financial assets:		
Trade and other receivables	**4,388,869**	4,476,271
Cash and cash equivalents	**113,186**	157,670
Total undiscounted financial assets	**4,502,055**	4,633,941
Financial liabilities:		
Trade and other payables	**4,433,049**	4,765,662
Accrued operating expenses	**152,556**	163,413
Total undiscounted financial liabilities	**4,585,605**	4,929,075
Total net undiscounted financial liabilities	**(83,550)**	(295,134)

The table below shows the contractual expiry by maturity of the Group's and Company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	2015 US$				2014 US$			
	One year or less	One to five years	Over five years	Total	One year or less	One to five years	Over five years	Total
Company								
Financial guarantees	**22,259,051**	**7,016,941**	**3,314,577**	**32,590,569**	15,042,898	7,622,776	4,068,902	26,734,576

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

32. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (continued)

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The Group is exposed to equity securities price risk because of the investments held by the Group which are classified on the consolidated balance sheet as available-for-sale financial assets. The Group is not exposed to commodity price risk. As it is a single strategic investment and not a portfolio of investments, the Group is unable to diversify the risk.

If prices for the equity security change by nil (2014: 15%) respectively with all other variables including tax rate being held constant, the profit after tax and equity will be:

	2015 US$ Increase/(Decrease) Other comprehensive income	2014 US$ Increase/(Decrease) Other comprehensive income
Group		
Listed in South Korea	–	19,087

The Group's policy is to limit its interest in investments to 20% (2014: 20%) of its entire equity portfolio.

Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group entities. The foreign currencies in which these transactions are denominated are mainly Singapore Dollar (SGD) and Malaysia Ringgit (MYR). The Group's cash and cash equivalents, trade receivables and payables balances and loans and borrowings at the end of reporting date have similar exposures. The details are disclosed in Note 18, Note 19, Note 20 and Note 21.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. The management monitors the level of cash and cash equivalents denominated in foreign currencies on an ongoing basis to minimise the currency exposures. At the end of the reporting period, such foreign currency balances are mainly in SGD and MYR.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

32. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (continued)

Foreign currency risk (continued)

The Group does not use forward currency contracts to minimise the currency exposures.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Malaysia, Indonesia and United Kingdom. The Group's net investments in Malaysia, Indonesia and United Kingdom are not hedged as currency positions in MYR, Indonesian Rupiahs (IDR) and Great Britain Pounds (GBP) are considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the SGD, MYR, IDR and GBP exchange rates against USD with all other variables held constant.

		2015 US$ Profit net of tax	2014 US$ Profit net of tax
USD/SGD	– strengthened 0.5% (2014: 2.5%)	**(2,384)**	(7,255)
	– weakened 0.5% (2014: 2.5%)	**2,384**	7,255
USD/MYR	– strengthened 1.7% (2014: 3.2%)	**(10,943)**	(41,094)
	– weakened 1.7% (2014: 3.2%)	**10,943**	41,094
USD/IDR	– strengthened 2.7% (2014: 2.5%)	**(3,026)**	(3,840)
	– weakened 2.7% (2014: 2.5%)	**3,026**	3,840
USD/GBP	– strengthened 6.8% (2014: nil)	**(3,929)**	–
	– weakened 6.8% (2014: nil)	**3,929**	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

33. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2015 and 31 December 2014.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 30% and 50% (2014: 30% and 50%). The Group includes within net debt, loans and borrowings, trade and other payables, less cash and cash equivalents.

The gearing ratio is calculated as net debt divided by total capital as follows:

	Group	
	2015	**2014**
	US$	**US$**
Trade and other payables	**7,045,216**	11,304,725
Add: Interest-bearing bank loans	**16,989,190**	18,739,405
Add: Obligation under finance leases	**534,490**	1,085,935
Less: Cash and cash equivalents	**(4,235,769)**	(5,832,124)
Net debt	**20,333,127**	25,297,941
Total equity attributable to owners of the Company	**30,104,972**	31,428,803
Total capital	**50,438,099**	56,726,744
Gearing ratio	**40%**	45%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

34. SEGMENT INFORMATION

Business segments

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

(a) Printed Circuit Board Assembly and Kitting (PCBA/Kitting)

PCBA involves the placement of the components such as ICs and transistors on a Printed Circuit Board. The Group manufactures PCBAs and related assemblies for aircraft cockpit instrumentation, mainly navigational, communication, flight control and safety systems; and for medical analytical instruments; i.e high-performance atomic absorption spectrometers. Kitting involves the sourcing, picking and packing of individual components into customised preassembled kits, shipped as a unit.

(b) Precision Machined Components (PMC)

PMC involves precision manufacture of machined components, precision stamping, sheet metal parts and surface treatment. The Group manufactures mechanical machine components for the aircraft and medical industries.

(c) Corporate

The corporate segment is involved in Group-level corporate services, treasury functions and investments in marketable securities.

(d) Property Investment

The property investment segment is involved in the business of leasing out of residential properties.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

34. SEGMENT INFORMATION (CONTINUED)

By business activities

	PCBA/ Kitting US$	PMC US$	Corporate US$	Property Investment US$	Elimination US$	Notes	Per consolidated financial statements US$
2015							
REVENUE							
External sales	67,267,815	6,440,780	–	–	–		73,708,595
Inter-segment	3,402,337	1,610,288	227,765	–	(5,240,390)	A	–
Total revenue	70,670,152	8,051,068	227,765	–	(5,240,390)		73,708,595
RESULTS							
Interest income	299,474	176	48,985	10,813	(346,767)		12,681
Depreciation	(314,010)	(820,174)	(30,129)	(85,448)	–		(1,249,761)
Finance costs	(497,597)	(160,919)	(283,097)	(206,206)	346,767		(801,052)
Other non-cash expenses	(572)	(400,344)	–	–	369,064		(31,852)
Segment profit/(loss)	1,728,244	(70,879)	1,419,364	(1,177,407)	(1,621,309)	B	278,013
ASSETS							
Additions to:							
– Property, plant and equipment	203,596	47,776	–	–	–		251,372
– Investment properties	–	–	–	64,165	–		64,165
Segment assets	49,447,464	9,109,133	38,293,243	6,752,530	(46,560,174)	C	57,042,196
LIABILITIES							
Segment liabilities	(21,024,308)	(5,362,864)	(5,257,251)	(6,977,563)	11,684,762	D	(26,937,224)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

34. SEGMENT INFORMATION (CONTINUED)

By business activities (continued)

	PCBA/ Kitting US$	PMC US$	Corporate US$	Property Investment US$	Elimination US$	Notes	Per consolidated financial statements US$
2014							
REVENUE							
External sales	67,074,842	7,867,128	–	–	–		74,941,970
Inter-segment	3,998,144	2,310,843	247,237	–	(6,556,224)	A	–
Total revenue	71,072,986	10,177,971	247,237	–	(6,556,224)		74,941,970
RESULTS							
Interest income	175,333	152	56,965	5,968	(225,028)		13,390
Net fair value gains on financial instruments on derivatives	–	–	17,860	–	–		17,860
Depreciation	(378,753)	(863,021)	(25,312)	(43,078)	–		(1,310,164)
Finance costs	(511,037)	(189,134)	(175,312)	(93,642)	225,028		(744,097)
Other non-cash expenses	(92)	(134,747)	–	–			(134,839)
Segment profit/(loss)	2,686,182	(281,557)	621,537	(450,770)	(505,882)	B	2,069,510
ASSETS							
Additions to:							
- Property, plant and equipment	599,877	212,423	30,532	–	–		842,832
- Investment properties	–	–	–	7,019,982	–		7,019,982
Segment assets	56,468,019	10,392,790	38,531,525	7,809,171	(48,009,449)	C	65,192,056
LIABILITIES							
Segment liabilities	(28,961,675)	(6,271,042)	(5,818,465)	(6,808,051)	14,095,980	D	(33,763,253)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

34. SEGMENT INFORMATION (CONTINUED)

Notes *Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements*

A Inter-segment revenues are eliminated on consolidation.

B The following items are (deducted from)/added to segment profit/(loss) to arrive at "profit before tax" presented in the consolidated statement of comprehensive income:

	2015 US$	2014 US$
(Loss)/profit from inter-segment sales	**(286,136)**	180,213
Finance costs	**(346,767)**	(225,028)
Unallocated corporate expenses	**(988,406)**	(461,067)
	(1,621,309)	(505,882)

C The following items are deducted from segment assets to arrive at total assets reported in the consolidated balance sheet:

	2015 US$	2014 US$
Inter-segment assets	**(46,560,174)**	(48,009,449)

D The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated balance sheet:

	2015 US$	2014 US$
Inter-segment liabilities	**11,684,762**	14,095,980

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

34. SEGMENT INFORMATION (CONTINUED)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2015 US$	2014 US$	2015 US$	2014 US$
Singapore	**19,640,470**	23,067,517	**4,109,026**	4,594,070
United States	**6,176,339**	5,290,230	**–**	–
Malaysia	**37,363,915**	34,656,556	**9,017,640**	10,484,606
United Kingdom	**10,156,791**	11,241,317	**1,041,414**	1,405,053
Canada	**4,226**	–	**–**	–
France	**71,669**	222,646	**–**	–
Italy	**1,608**	3,136	**–**	–
Thailand	**276,051**	432,109	**–**	255,843
Indonesia	**–**	–	**614,354**	550,386
China	**4,238**	21,156	**–**	–
India	**13,288**	7,303	**–**	–
	73,708,595	74,941,970	**14,782,434**	17,289,958

Non-current assets information presented above consist of property, plant and equipment, investment properties, intangible assets, available-for-sale financial assets and deferred tax assets as presented in the consolidated balance sheet.

Information about a major customer

Revenue from one major customer amount to US$57,378,918 (2014: US$56,863,935), arising from sales by the PCBA/kitting segment.

35. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Subsequent to the end of reporting period, the Group has entered into another ten asset purchase agreements with external parties at a total consideration of SGD1.99 million (equivalent to US$1.41 million). All asset purchase agreements are conditional upon obtaining the approval from relevant authority for the reassignment of lease agreement. The Group has obtained authority's approval for fourteen asset purchase agreements subsequent to the end of reporting period, and currently assessing the impact of the acquisitions on profit or loss as the initial accounting for the business combination is incomplete.

36. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the financial year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 24 March 2016.

STATISTICS OF SHAREHOLDINGS

AS AT 18 MARCH 2016

ISSUED AND FULLY PAID-UP CAPITAL:	US$28,739,313
NO. OF ISSUED SHARES (EXCLUDING TREASURY SHARES):	131,740,474
NUMBER/PERCENTAGE OF TREASURY SHARES:	57,477 (0.04%)
CLASS OF SHARES:	ORDINARY SHARES
VOTING RIGHTS OF ORDINARY SHAREHOLDERS:	
ON A POLL	1 VOTE FOR EACH SHARE HELD

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	61	5.93	739	0.00
100 – 1,000	217	21.09	95,319	0.07
1,001 – 10,000	557	54.13	2,436,674	1.85
10,001 – 1,000,000	187	18.17	12,865,263	9.77
1,000,001 & ABOVE	7	0.68	116,342,479	88.31
TOTAL	1,029	100.00	131,740,474	100.00

SUBSTANTIAL SHAREHOLDERS

(as recorded in the Register of substantial shareholders as at 18 March 2016)

	Number of Shares			
Name of Substantial Shareholder	Direct Interest	%	Indirect Interest	%
Tan Kim Yong[1]	89,402,905	67.86%[2]	15,495,000	11.76%

Notes:

(1) Dr. Tan Kim Yong's indirect interest comprises 1,850,000 shares held by his wife, Teo Siew Ling, and 15,495,000 shares held in the name of nominees.

(2) Calculated against total number of issued shares excluding treasury shares.

Percentage of shareholdings held in the hands of public

As at 18 March 2016, the percentage of shareholding in the Company held in the hands of public is approximately 13.11%. At least 10% of the Company's equity securities are held by the public at all times and the Company is in compliance with the rule 723 of the SGX-ST listing Manual.

STATISTICS OF SHAREHOLDINGS

AS AT 18 MARCH 2016

	TWENTY LARGEST SHAREHOLDERS AS AT 18 MARCH 2016	NO. OF SHARES	%
1	TAN KIM YONG	89,402,905	67.86
2	BANK OF SINGAPORE NOMINEES PTE LTD	15,495,000	11.76
3	TAN GIM SENG	4,334,974	3.29
4	TAN KIM WAH	2,767,800	2.10
5	TEO SIEW LING	1,850,000	1.41
6	EDWARD LEE EWE MING	1,271,400	0.97
7	CHNG SOCK CHENG	1,220,400	0.93
8	GARY ROBERT SUTTON	826,950	0.63
9	OCBC SECURITIES PRIVATE LTD	807,000	0.61
10	DBS NOMINEES PTE LTD	570,683	0.43
11	CHOAH LEONG YEW	435,300	0.33
12	CITIBANK CONSUMER NOMINEES PTE LTD	400,400	0.30
13	MARIA MICHAEL PENAFORT	400,000	0.30
14	CHENG JOO WAN	366,010	0.28
15	UOB KAY HIAN PTE LTD	342,600	0.26
16	ANG BENG LAY	333,334	0.25
17	TAN LIYANG	305,000	0.23
18	CHOW WEI PIN	290,000	0.22
19	YEW MONG HENG	260,000	0.20
20	SIVASUBRAMANIYAN NAGASUNDHAR	250,200	0.19
		121,929,956	92.55

	SUBSTANTIAL SHAREHOLDERS	NO. OF SHARES	%
1	TAN KIM YONG	89,402,905	67.86
2	BANK OF SINGAPORE NOMINEES PTE LTD	15,495,000	11.76

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twelfth Annual General Meeting of the Company will be held at Sentosa Golf Club, Serapong Room 1 and 2, Level 1, 27 Bukit Manis Road, Singapore 099892 on Monday, 25 April 2016 at 10.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Audited Accounts for the financial year ended 31 December 2015 together with the Directors' Statement and the Report of the Auditors of the Company. (Resolution 1)

2. To declare a final dividend of 1.15 Singapore cents per ordinary share in respect of the financial year ended 31 December 2015. (Resolution 2)

3. To re-elect Mr Patrick Tan Gim Seng who is retiring under Article 91 of the Company's Constitution.

   Mr Patrick Tan Gim Seng will, upon re-election as a Director of the Company, remain an Executive Director of the Company as well as a member of the Audit Committee. (Resolution 3)

4. To re-elect Mr Lee Teck Leng who is retiring under Article 91 of the Company's Constitution.

   Mr Lee Teck Leng will, upon re-election as a Director of the Company, remain a Non-Executive and Independent Director of the Company as well as the Chairman of each of the Nominating Committee and the Remuneration Committee and a member of the Audit Committee and will be considered independent of management. (Resolution 4)

5. To approve the payment of Directors' fees of S$136,200 for the financial year ending 31 December 2016, to be paid quarterly in arrears. (Resolution 5)

6. To re-appoint Ernst & Young LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. (Resolution 6)

7. To transact any other business that may be transacted at an Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

SPECIAL BUSINESS

8. To consider and, if thought fit, pass the following resolution as an Ordinary Resolution, with or without modifications:

"That pursuant to Section 161 of the Companies Act, Cap. 50 ("**Act**") and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company be authorised and empowered to:

(a) (i) issue shares in the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively "**Instruments**") that might or would require shares to be issued, including but not limited to the creation or issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions, for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuant to any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided always that:

(I) the aggregate number of shares (including shares to be issued in pursuant of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (II) below), of which the aggregate number of shares to be issued other than on a pro rata basis to the Shareholders of the Company shall not exceed 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (II) below);

NOTICE OF ANNUAL GENERAL MEETING

(II) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (I) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the Company at the time of the passing of this Resolution, after adjusting for:

(aa) new shares arising from the conversion or exercise of any convertible securities;

(bb) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(cc) any subsequent bonus issue, consolidation or subdivision of shares;

(III) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Company's Constitution; and

(IV) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held whichever is the earlier." (Resolution 7)

[See Explanatory Note (I)]

9. To consider and, if thought fit, pass the following resolution as an Ordinary Resolution, with or without modifications:

"That the Board of Directors of the Company be and is hereby authorised to offer and grant options in accordance with the provisions of the Employee Share Option Scheme (the "**ESOS**") and pursuant to Section 161 of the Companies Act, Cap. 50, to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options under the Scheme provided always that the aggregate number of shares to be issued pursuant to the ESOS and the Company's share performance plan shall not exceed fifteen per cent (15%) of the total issued share capital of the Company from time to time, subject to such adjustments as may be made to the ESOS as a result of any variation in the capital structure of the Company." (Resolution 8)

[See Explanatory Note (II)]

NOTICE OF ANNUAL GENERAL MEETING

10. To consider and, if thought fit, pass the following resolution as an Ordinary Resolution, with or without modifications:

"That the Board of Directors of the Company be and is hereby authorised, pursuant to Section 161 of the Companies Act, Cap. 50, to grant awards in accordance with the provisions of the Company's share performance plan, approved by Ordinary Resolution passed at the Extraordinary General Meeting of the Company on 9 November 2007 (the "**Share Performance Plan**"), and to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the vesting of awards under the Share Performance Plan provided always that the aggregate number of shares to be issued pursuant to the ESOS and the shares available under the Share Performance Plan shall not exceed fifteen per cent (15%) of the total issued share capital of the Company from time to time." (Resolution 9)

[See Explanatory Note (III)]

By Order of the Board

Ong Beng Hong/Tan Swee Gek
Joint Company Secretaries
8 April 2016

Explanatory Notes:

I. The Ordinary Resolution 7 in item 8 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

NOTICE OF ANNUAL GENERAL MEETING

II. The Ordinary Resolution 8 proposed under item 9 above, if passed, will authorise the Directors to offer and grant options in accordance with the provisions of the ESOS and pursuant to Section 161 of the Act to allot and issue shares under the ESOS.

III. The Ordinary Resolution 9 proposed under item 10 above, if passed, will authorise the Directors to offer and grant award of shares in accordance with the provisions of the Share Performance Plan and pursuant to Section 161 of the Act to allot and issue shares under the Share Performance Plan.

Notes:

1) (a) A member who is not a relevant intermediary (as defined in Section 181 of the Act) is entitled to appoint not more than two proxies to attend, speak and vote on his/her behalf at the AGM. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.

   (b) A member who is a relevant intermediary (as defined in Section 181 of the Act) is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

2) A proxy need not be a member of the Company.

3) The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

4) The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at **23 Ubi Crescent, Singapore 408579** at least 48 hours before the time fixed for the Annual General Meeting.

5) A depositor shall not be regarded as a member of a Company entitled to attend, speak and vote at the AGM unless his name appears on the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Cap. 289) 72 hours before the time fixed for the AGM.

Personal Data Privacy:

By attending the Annual General Meeting and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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PROXY FORM

ANNUAL GENERAL MEETING
ADVANCED INTEGRATED MANUFACTURING CORP. LTD.
(Company Registration No.: 200405216C)
(Incorporated in the Republic of Singapore)

IMPORTANT:
1. Relevant intermediaries (as defined in Section 181 of the Companies Act, Cap. 50) may appoint more than two proxies to attend, speak and vote at the AGM.
2. This Proxy Form is also forwarded to investors who have used their CPF monies to buy shares in the Company at the request of their CPF Approved Nominees, and is sent solely for their information only.
3. This Proxy Form is therefore, not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We _____ (Name)
of _____ (Address)
being a member/members of Advanced Integrated Manufacturing Corp. Ltd. (the "**Company**") hereby appoint:

Name	Address	NRIC/ Passport No.	Proportion of my/our Shareholding (%)	
			No. of shares	%

and/or (delete as appropriate)

Name	Address	NRIC/ Passport No.	Proportion of my/our Shareholding (%)	
			No. of shares	%

or failing *him/her, the Chairman of the Annual General Meeting, as my/our proxy/proxies to vote for me/us on my/our behalf at the Twelfth Annual General Meeting of the Company, to be held at **Sentosa Golf Club, Serapong Room 1 and 2, Level 1, 27 Bukit Manis Road, Singapore 099892 on Monday, 25 April 2016 at 10.00 a.m.**, and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Annual General Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Annual General Meeting.

No.	Resolutions Relating To:	For*	Against*
	Ordinary Business		
1.	Adoption of Reports and Accounts		
2.	Declaration of final dividend		
3.	Re-appointment of Mr Patrick Tan Gim Seng		
4.	Re-appointment of Mr Lee Teck Leng		
5.	Approval of Directors' Fees for the financial year ending 31 December 2016		
6.	Re-appointment of Auditors		
	Special Business		
7.	Authority to allot and issue new shares		
8.	Authority to allot and issue new shares pursuant to the Company's Employee Share Option Scheme		
9.	Authority to allot and issue new shares pursuant to the Company's Share Performance Plan		

* If you wish to exercise all your votes "For" or "Against", please indicate your vote "For" or "Against" with "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2016.

_____
Signature of Shareholder(s) or Common Seal

Number of Shares held in

CDP Register	
Member's Register	
TOTAL	

Important: Please read notes overleaf

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Cap. 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares registered in your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. (a) A member who is not a relevant intermediary (as defined in Section 181 of the Companies Act, Cap. 50) is entitled to appoint not more than two proxies to attend, speak and vote on his/her behalf at the Meeting. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.

   (b) A member who is a relevant intermediary (as defined in Section 181 of the Companies Act, Cap. 50) is entitled to appoint more than two proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

3. A proxy need not be a member of the Company.

5. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at **23 Ubi Crescent, Singapore 408579**, not less than 48 hours before the time set for the Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

7. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter of power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy; failing which the instrument may be treated as invalid.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Cap. 50 of Singapore.

9. The submission of an instrument or form appointing a proxy by a member of the Company does not preclude him from attending and voting in person at the Meeting if he is able to do so.

10. The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of shares entered in the Depository Register, the Company may reject a Proxy Form if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By attending the Annual General Meeting and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting.



Advanced Integrated Manufacturing Corp. Ltd.

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