



ADVANCED INTEGRATED MANUFACTURING CORP. LTD.

Registration No: 200405216C

UNAUDITED FINANCIAL STATEMENTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2016

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

INCOME STATEMENT

	Group		Increase/ (Decrease) %	Group		Increase/ (Decrease) %
	2Q FY2016	2Q FY2015		6 months ended 30-Jun-2016	6 months ended 30-Jun-2015	
	US\$'000	US\$'000		US\$'000	US\$'000	
Revenue	18,491	18,448	0.2%	35,128	39,263	-10.5%
Cost of sales	(15,968)	(15,982)	-0.1%	(30,666)	(33,908)	-9.6%
Gross profit	2,523	2,466	2.3%	4,462	5,355	-16.7%
Other revenue	27	102	-73.5%	61	143	-57.3%
Marketing and distribution	(6)	(27)	-77.8%	(19)	(45)	-57.8%
Administrative expenses	(2,212)	(1,889)	17.1%	(4,249)	(3,708)	14.6%
Other expenses	(118)	(14)	742.9%	(85)	(14)	507.1%
Finance cost	(224)	(221)	1.4%	(428)	(432)	-0.9%
Profit before tax	(10)	417	N/M	(258)	1,299	N/M
Income tax expenses	(181)	(153)	18.3%	(212)	(343)	-38.2%
(Loss)/Profit after tax attributable to owners of the Company	(191)	264	N/M	(470)	956	N/M

STATEMENT OF COMPREHENSIVE INCOME

	Group		Increase/ (Decrease) %	Group		Increase/ (Decrease) %
	2Q FY2016	2Q FY2015		6 months ended 30-Jun-2016	6 months ended 30-Jun-2015	
	US\$'000	US\$'000		US\$'000	US\$'000	
(Loss)/Profit for the period	(191)	264	N/M	(470)	956	N/M
Other comprehensive income						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Foreign currency translation	19	54	-64.8%	(15)	(42)	-64.3%
Net loss on fair value changes of available-for-sale financial assets	-	(4)	N/M	-	(59)	N/M
Total comprehensive income for the period attributable to owners of the Company	(172)	314	N/M	(485)	855	N/M

1 (a) (ii) NOTES TO INCOME STATEMENT

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

	Group		Increase/ (Decrease) %	Group		Increase/ (Decrease) %
	2Q FY2016	2Q FY2015		6 months ended 30-Jun-2016	6 months ended 30-Jun-2015	
	US\$'000	US\$'000		US\$'000	US\$'000	
Depreciation of property, plant and equipment	(297)	(322)	-7.8%	(582)	(639)	-8.9%
Gain on disposal of available-for-sale financial assets	-	92	N/M	-	92	N/M
Gain on disposal of property, plant and equipment	-	10	N/M	-	10	N/M
Net foreign exchange loss	(118)	(26)	353.8%	(65)	(14)	364.3%
Interest income	6	7	-14.3%	6	7	-14.3%
Interest expense	(201)	(206)	-2.4%	(373)	(401)	-7.0%
Impairment loss on inventories	-	(10)	N/M	-	(12)	N/M
Inventory written off	-	-	-	(9)	-	N/M
Post employment benefit liabilities	(56)	(39)	43.6%	(180)	(65)	176.9%
Loss on disposal of a subsidiary	(1)	-	N/M	(20)	-	N/M

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

STATEMENT OF FINANCIAL POSITION

STATEMENT OF FINANCIAL POSITION	Group		Increase/ (Decrease) %	Company		Increase/ (Decrease) %
	As at 30-Jun-16	As at 31-Dec-15		As at 30-Jun-16	As at 31-Dec-15	
	US\$'000	US\$'000		US\$'000	US\$'000	
ASSETS						
Non-current assets						
Property, plant and equipment	6,955	6,868	1.3%	26	31	-16.1%
Investment in subsidiary companies	-	-	N/M	29,394	29,394	0.0%
Investment properties	6,005	5,674	5.8%	-	-	N/M
Intangible assets	4,516	1,832	146.5%	-	-	N/M
Deferred tax assets	408	408	0.0%	46	46	0.0%
Total non-current assets	17,884	14,782	21.0%	29,466	29,471	0.0%
Current assets						
Inventories	22,399	21,442	4.5%	-	-	N/M
Trade and other receivables	12,869	16,302	-21.1%	4,658	4,389	6.1%
Prepaid operating expenses	272	280	-2.9%	44	7	528.6%
Cash and cash equivalents	5,258	4,236	24.1%	132	113	16.8%
Total current assets	40,798	42,260	-3.5%	4,834	4,509	7.2%
TOTAL ASSETS	58,682	57,042	2.9%	34,300	33,980	0.9%
EQUITY AND LIABILITIES						
Equity						
Share capital	28,739	28,739	0.0%	28,739	28,739	0.0%
Treasury shares	(38)	(345)	-89.0%	(38)	(345)	-89.0%
Retained earnings	4,942	6,539	-24.4%	193	1,573	-87.7%
Other reserves	(4,952)	(4,828)	2.6%	(682)	(574)	18.8%
Total equity	28,691	30,105	-4.7%	28,212	29,393	-4.0%
Non-current liabilities						
Deferred tax liabilities	36	39	-7.7%	-	-	N/M
Loans and borrowings	7,283	5,830	24.9%	-	-	N/M
Employment benefits	1,057	877	20.5%	-	-	N/M
Total non-current liabilities	8,376	6,746	24.2%	-	-	N/M
Current liabilities						
Trade and other payables	9,120	7,038	29.6%	5,238	4,433	18.2%
Accrued operating expenses	1,227	1,333	-8.0%	88	154	-42.9%
Amount due to related parties	767	7	10857.1%	762	-	N/M
Loans and borrowings	10,317	11,694	-11.8%	-	-	N/M
Income tax payables	184	119	54.6%	-	-	N/M
Total current liabilities	21,615	20,191	7.1%	6,088	4,587	32.7%
TOTAL EQUITY AND LIABILITIES	58,682	57,042	2.9%	34,300	33,980	0.9%

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

	Group	
	As at 30-Jun-16	As at 31-Dec-15
	US\$'000	US\$'000
SECURED		
Amount repayable within 1 year or less, or on demand	10,317	11,694
Amount repayable after 1 year	7,283	5,830

UNSECURED

Amount repayable within 1 year or less, or on demand	-	-
Amount repayable after 1 year	-	-

Details of any collaterals

Mortgage loans are secured against freehold land, freehold properties and leasehold properties.

Finance lease obligations are secured against the assets purchased.

Borrowings are secured by corporate guarantees from the Company and/or a debenture over the assets of a subsidiary.

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

	Group		Group	
	2Q FY2016	2Q FY2015	6 months ended 30-Jun-2016	6 months ended 30-Jun-2015
	US\$'000	US\$'000	US\$'000	US\$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/Profit before taxation	(10)	417	(258)	1,299
Adjustments for:				
Post employment benefit liabilities	56	39	180	65
Depreciation of property, plant and equipment	297	322	582	639
Exchange differences	(214)	81	(229)	(85)
Gain on disposal of available-for-sale investments	-	(92)	-	(92)
Interest expense	201	206	373	401
Interest income	(6)	(7)	(6)	(7)
Inventory written off	6	10	9	12
Gain on disposal of property, plant and equipment	-	(10)	-	(10)
Loss on disposal of a subsidiary	-	-	19	-
Operating profit before working capital changes	330	966	670	2,222
In inventories	(6)	(547)	(966)	(141)
In trade and other receivables	440	394	3,414	(1,670)
In deposits and prepayment	57	101	8	(120)
In trade and other payables	862	(789)	2,082	(2,169)
In accruals	32	49	(106)	(92)
In amount due to / from related parties	(17)	(24)	(1)	7
	1,368	(816)	4,431	(4,185)
CASH GENERATED FROM OPERATIONS	1,698	150	5,101	(1,963)
Net Income tax paid	(60)	(251)	(150)	(355)
Interest paid	(201)	(206)	(373)	(401)
Interest received	6	7	6	7
Net cash generated from/(used in) operating activities	1,443	(300)	4,584	(2,712)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of intangible assets	(294)	-	(2,486)	-
Proceeds from disposal of property, plant and equipment	-	85	-	88
Purchase of property, plant and equipment	(390)	(247)	(584)	(293)
Net cash used in investing activities	(684)	(162)	(3,070)	(205)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of trade financing	(13,665)	(18,527)	(30,544)	(34,708)
Proceeds from trade financing	13,347	19,602	28,651	36,851
Repayment of term loan	(1,051)	(365)	(2,331)	(743)
Proceeds from term loan	662	-	4,323	-
Repayment of obligation under finance lease	(105)	(171)	(225)	(297)
Proceeds from short term loan from related party	761	761	761	761
Dividends paid	(1,127)	(1,144)	(1,127)	(1,144)
Net cash (used in)/generated from financing activities	(1,178)	156	(492)	720
NET INCREASE IN CASH AND CASH EQUIVALENTS	(419)	(306)	1,022	(2,197)
Effect of exchange rate changes on cash and cash equivalents	-	-	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	5,677	3,941	4,236	5,832
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	5,258	3,635	5,258	3,635
Cash and cash equivalents in the consolidated statement of cash flows comprise the following balance sheet amounts:				
Bank balances, fixed deposits and cash	5,258	3,635	5,258	3,635
	5,258	3,635	5,258	3,635

1 (d) (i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of changes in equity for the Group

Group	Share capital	Treasury shares	Capital reserves	Retained earnings	Fair value reserves	Foreign currency translation reserves	Employee benefits plan reserve	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 01-Jan-2016	28,739	(345)	(524)	6,539	-	(4,193)	(111)	30,105
Total comprehensive income for the period	-	-	-	(279)	-	(34)	-	(313)
Treasury shares re-issued	-	307	(109)	-	-	-	-	198
Balance at 31-Mar-2016	28,739	(38)	(633)	6,260	-	(4,227)	(111)	29,990
Total comprehensive income for the period	-	-	-	(191)	-	-	-	(191)
Foreign currency translation	-	-	-	-	-	19	-	19
Dividend paid	-	-	-	(1,127)	-	-	-	(1,127)
Balance at 30-Jun-2016	28,739	(38)	(633)	4,942	-	(4,208)	(111)	28,691
Balance at 01-Jan-2015	28,739	(345)	(524)	7,808	59	(4,154)	(154)	31,429
Total comprehensive income for the period	-	-	-	692	(55)	(96)	-	541
Balance at 31-Mar-2015	28,739	(345)	(524)	8,500	4	(4,250)	(154)	31,970
Total comprehensive income for the period	-	-	-	264	(4)	54	-	314
Dividend paid	-	-	-	(1,144)	-	-	-	(1,144)
Balance at 30-Jun-2015	28,739	(345)	(524)	7,620	-	(4,196)	(154)	31,140
Total comprehensive income for the period	-	-	-	(417)	-	6	-	(411)
Balance at 30-Sep-2015	28,739	(345)	(524)	7,203	-	(4,190)	(154)	30,729
Profit for the financial year	-	-	-	(664)	-	(3)	-	(667)
Remeasurement of defined benefit	-	-	-	-	-	-	43	43
Balance at 31-Dec-2015	28,739	(345)	(524)	6,539	-	(4,193)	(111)	30,105

Statement of changes in equity for the Company

Company	Share Capital	Treasury Shares	Capital Reserves	Retained earnings	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 01-Jan-2016	28,739	(345)	(574)	1,573	29,393
Total comprehensive income for the period	-	-	-	(109)	(109)
Treasury shares re-issued	-	307	(108)	-	199
Balance at 31-Mar-2016	28,739	(38)	(682)	1,464	29,483
Total comprehensive income for the period	-	-	-	(144)	(144)
Dividend paid	-	-	-	(1,127)	(1,127)
Balance at 30-Jun-2016	28,739	(38)	(682)	193	28,212
Balance at 01-Jan-2015	28,739	(345)	(574)	1,319	29,139
Total comprehensive income for the period	-	-	-	(64)	(64)
Balance at 31-Mar-2015	28,739	(345)	(574)	1,255	29,075
Total comprehensive income for the period	-	-	-	(102)	(102)
Dividend paid	-	-	-	(1,144)	(1,144)
Balance at 30-Jun-2015	28,739	(345)	(574)	9	27,829
Total comprehensive income for the period	-	-	-	85	85
Dividend paid	-	-	-	-	-
Balance at 30-Sep-2015	28,739	(345)	(574)	94	27,914
Profit for the financial year	-	-	-	1,479	1,479
Dividend paid	-	-	-	-	-
Balance at 31-Dec-2015	28,739	(345)	(574)	1,573	29,393

- 1 (d) (ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

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

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

As at 30 June 2016, there were 57,477 treasury shares held by the Company with a total consideration of US\$0.04m (31 December 2015: 524,145 treasury shares worth US\$0.3m). These shares were held as treasury shares and deducted against shareholders' equity. There was no purchase of ordinary shares to be held as treasury shares since 1Q FY2012 (1Q FY2011: NIL).

- 1 (d) (iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately financial year.

	As at 30-Jun-16 '000	As at 31-Dec-15 '000
Total number of issued shares	131,798	131,798
Total number of treasury shares	(57)	(524)
Total number of issued shares excluding treasury shares	131,741	131,274

- 1 (d) (iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Please refer to 1(d)(ii)

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

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

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group and Company have applied the same accounting policies and methods of computations in the financial statements for the current financial year and is consistent with those of the most recent audited financial statements for the financial year ended 31 December 2015 except for the adoption of the new and revised Financial Reporting Standards which became effective for the financial period beginning on or after 1 January 2016.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

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

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

	Group	
	6 months ended 30-Jun-2016	6 months ended 30-Jun-2015
Weighted average number of shares in issue ('000)	131,740	131,274
Earnings per share (US cents)	(0.36)	0.73

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

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

	Group		Company	
	As at 30-Jun-16	As at 31-Dec-15	As at 30-Jun-16	As at 31-Dec-15
Number of shares in issue ('000)	131,740	131,274	131,740	131,274
Net assets value per ordinary share (US cents)	21.78	22.93	21.41	22.39

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

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

REVIEW OF PERFORMANCE

a) Income Statement

2Q FY2016 sales of US\$18.5m is at par compared to 2Q FY2015 sales of US\$18.4m. There is a drop of sales of US\$3.1m from the printed circuit board & kitting business which was mitigated by US\$3.5m in sales from the new minimart business. 2Q FY2016 gross profit and gross profit margin are at par compared to 2Q FY2015 other revenue included US\$92k of gain on disposal of available-for-sale financial assets. Administrative expenses increased by 17.1% in 2Q FY2016 as compared to 2Q FY2015 due to additional expenses from the minimart business.

2Q FY2016 other expenses included net foreign exchange loss of US\$0.1m which was mainly due to unrealized foreign exchange loss on mortgage loan in Malaysian Ringgit. Finance cost is at par compared to 2Q FY2015.

2Q FY2016 income tax expenses was mainly provided for a profit making subsidiary in Malaysia.

b) Balance Sheet

During 2Q FY2016, the value of investment properties in Malaysia increased by 5.8% or US\$0.3m from 4Q FY2015. This is due to the translation of Malaysian Ringgit into USD as the Malaysian Ringgit had strengthened against USD during the period. Intangible assets increased by 146.5% from 4Q FY2015 to 2Q FY2016 due to the goodwill arising from the acquisition of minimart business.

Trade and other receivables decreased by US\$3.4m from US\$16.3m as at 4Q FY2015 to US\$12.9m 2Q FY2016 due to lower sales during the period and cash sales of the minimart business.

Trade and other payables increased by US\$2.1m from US\$7.0m as at 4Q FY2015 to US\$9.1m as at 2Q FY2016.

c) Cash flow statement

During 2Q FY2016, the net cash generated from operating activities was US\$1.4m compared to net cash used of US\$0.3m for 2Q FY2015 due to better control of payments on trade payables.

Net cash of US\$0.7m used in investing activities was for the acquisition of minimart business and property, plant and equipment.

Net cash of US\$1.2m used in financing activities was mainly due to dividends paid out during the period.

Cash on hand was higher at US\$5.3m as at 2Q FY2016 compared to US\$3.6m as at 2Q FY2015.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10. A commentary at the date of announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next report period and the next 12 months.

The Board expects the business environment in the avionics industry to be challenging in the next 12 months. The Group's new minimart business has commenced since the beginning of the year and is expected to contribute to the Group's performance for the next 12 months.

11. If a decision regarding dividend has been made.

(a) Current Financial Period Reported On

Nil

(b) Corresponding Period of the Immediately Preceding Financial Year

Nil

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

Not applicable.

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

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

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

Pursuant to Rule 705(5) of the SGX-ST Listing Manual, we, Dr Tan Kim Yong and Tan Gim Seng, being Directors of Advanced Integrated Manufacturing Corp. Ltd. ("the Company") do hereby confirm on behalf of the Board of Directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the Group's unaudited financial statements for the second quarter and half year ended 30 June 2016 to be false or misleading in any material aspect.

On behalf of the Board of Directors:

Dr Tan Kim Yong
Group Chairman and CEO

Tan Gim Seng
Executive Director

BY ORDER OF THE BOARD

Ong Beng Hong
Company Secretary
13 August 2016