

SGXNET Announcement



**AEM Holdings Ltd
(Registration No. 200006417D)
Unaudited First Quarter
Financial Statements and Dividend Announcement
For The Period Ended 31 March 2019**

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1. Financial Statements

1(a)(i). Consolidated Income Statement

	Note	Quarterly Results		
		1Q2019 S\$'000	1Q2018 S\$'000	Change* %
Revenue		52,716	65,650	-19.7%
Other income		179	129	38.8%
Changes in inventories of finished goods and work-in-progress	A.2	15,626	3,871	303.7%
Raw materials and other consumables	A.2	(48,185)	(47,081)	-2.3%
Staff costs		(8,273)	(8,305)	0.4%
Depreciation expense		(1,081)	(262)	-312.6%
Amortisation of intangible assets		(431)	(83)	-419.3%
Operating lease expenses		(363)	(878)	58.7%
Legal and professional fees		(447)	(751)	40.5%
Sales and marketing expenses		(1,558)	(1,181)	-31.9%
Other expenses		(278)	(912)	69.5%
Finance expenses		(13)	(5)	-160.0%
Share of gain/ (loss) of equity-accounted investee		89	(181)	149.2%
Profit before taxation		7,981	10,011	-20.3%
Income tax expenses		(1,385)	(1,793)	22.8%
Profit for the period		6,596	8,218	-19.7%

Profit attributable to:

Owners of the Company		6,596	8,218	-19.7%
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* Increase/(Decrease) in Earnings

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

Profit for the period		6,596	8,218	-19.7%
<u>Other comprehensive income</u>				
Foreign currency translation differences		(846)	(781)	-8.3%
Share of foreign currency translation difference of equity-accounted investee		(216)	(74)	-191.9%
Other comprehensive loss for the period, net of tax		(1,062)	(855)	-24.2%
Total comprehensive income for the period		5,534	7,363	-24.8%

Total comprehensive income attributable to:

Owners of the Company		5,534	7,363	-24.8%
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* Increase/(Decrease) in Earnings

1(a)(iii). Explanatory Notes to Consolidated Income Statement

A.1 Profit for continuing operation is arrived at after crediting/(charging) the following items:

	Note	Quarterly Results		
		1Q2019 S\$'000	1Q2018 S\$'000	Change* %
Government grant income		83	59	40.7%
Interest income		-	61	-100.0%
Exchange loss, net	A.1(a)	(81)	(589)	86.2%
Inventory obsolescence (allowance)/ reversal	A.1(b)	(44)	375	-111.7%

* Increase/(Decrease) in Earnings

A.1 (a) Exchange loss in 1Q2019 arose mainly due to unfavourable movements in foreign exchange rates between United States dollar and Singapore dollar.

A.1 (b) Allowance for inventory obsolescence of S\$44,000 in 1Q2019 was made for slow-moving inventory.

A.2 Raw Material and Other Consumables

	Quarterly Results		
	1Q2019 S\$'000	1Q2018 S\$'000	Change* %

Changes in inventories of finished goods and work-in-progress excluding reversal of allowance for inventory obsolescence	15,670	3,496	348.2%
Raw materials and consumables cost	(48,185)	(47,081)	-2.3%
Material cost before allowance and reversal for inventory obsolescence	(32,515)	(43,585)	25.4%
Inventory obsolescence (allowance)/ reversal	(44)	375	-111.7%
Total	(32,559)	(43,210)	24.6%

* Increase/(Decrease) Earnings

Raw materials and consumables cost, taking into consideration changes in inventories excluding reversal for inventory obsolescence, decreased from S\$43.6 million in 1Q2018 to S\$32.5 million in 1Q2019, representing a decrease of 25.4%. Material margin improved mainly due to higher revenue from engineering development projects and change in product mix.

1(b)(i). Statement of Financial Position

	Note	Group		Company	
		31-Mar-19 S\$'000	31-Dec-18 S\$'000	31-Mar-19 S\$'000	31-Dec-18 S\$'000
Non-current assets					
Property, plant and equipment		5,865	5,725	19	21
Right of use assets	B.1	3,651	-	-	-
Intangible assets and goodwill		17,510	17,717	-	-
Subsidiaries		-	-	26,578	26,578
Associate		4,026	4,153	4,667	4,667
Deferred tax asset		57	57	-	-
		31,109	27,652	31,264	31,266
Current assets					
Inventories	B.2	43,862	27,433	-	-
Contract cost		356	788	-	-
Trade and other receivables	B.3	27,996	17,965	7,241	7,111
Contract assets		4,007	3,702	-	-
Cash and cash equivalents	B.4	54,693	58,890	1,210	950
		130,914	108,778	8,451	8,061
Total assets		162,023	136,430	39,715	39,327
Equity Attributable to Owners of the Company					
Share capital	1(d)(i)	45,786	45,786	45,786	45,786
Other Reserves	1(d)(i)	(368)	95	1,787	1,188
Accumulated gains/ (losses)	1(d)(i)	50,182	43,623	(12,886)	(13,678)
	1(d)(i)	95,600	89,504	34,687	33,296
Non-current liabilities					
Financial liabilities	1(b)(ii)	-	49	-	-
Lease liabilities	B.1	1,262	-	-	-
Trade and other payables		907	907	907	907
Deferred tax liabilities		1,836	1,878	-	-
Provisions		428	426	-	-
		4,433	3,260	907	907
Current liabilities					
Financial liabilities	1(b)(ii)	77	210	-	-
Lease liabilities	B.1	2,528	-	-	-
Trade and other payables	B.5	47,674	33,094	2,669	3,812
Contract liabilities		2,742	2,607	-	-
Current tax payable		8,491	7,284	1,452	1,312
Provisions		478	471	-	-
		61,990	43,666	4,121	5,124
Total liabilities		66,423	46,926	5,028	6,031
Total equity and liabilities		162,023	136,430	39,715	39,327

- B.1** The Group has adopted the new Singapore Financial Reporting Standards (International) ("SFRS(I)") 16 Leases, which took effect on 1 January 2019. A lessee recognises a right-of-use ("ROU") asset representing its right to use of the underlying asset and lease liability represents its obligation to make lease payments.
- B.2** The increase in inventories was mainly due to an increase in inventory builds for the fulfillment of sales orders.
- B.3** Trade and other receivables increased mainly due to the increased sales in 1Q2019 as compared to the previous quarter.
- B.4** Cash and cash equivalents of the Group decreased by S\$4.2 million in 1Q2019 mainly due to capital expenditure of S\$893,000 and increase in working capital of S\$11.5 million as a result of the higher sales orders.
- B.5** The increase in trade and other payables was mainly due to increased material purchases as a result of the increase in sales orders to be fulfilled.

1(b)(ii). Group Borrowings and Debt Securities

	Group	Group	Group	Group
	31-Mar-19	31-Mar-19	31-Dec-18	31-Dec-18
	S\$'000	S\$'000	S\$'000	S\$'000
	Secured	Unsecured	Secured	Unsecured
<i>Amount repayable in one year or less, or on demand</i>				
- Short term borrowing	77	-	156	-
- Finance lease liabilities	-	-	54	-
	77	-	210	-
<i>Amount repayable after one year</i>				
- Finance lease liabilities	-	-	49	-
	-	-	49	-
Total	77	-	259	-

Short term borrowing was secured by a floating charge on business assets of Afore Oy that are being financed.

1(c). Consolidated Cash Flow Statement

	Note	1Q2019 S\$'000	1Q2018 S\$'000
Profit for the period		6,596	8,218
Adjustments for:			
Depreciation and amortisation		1,512	345
Allowance/ (reversal) for inventory obsolescence		44	(375)
Interest income		(88)	(61)
Interest expense		13	5
Equity-settled transactions		248	-
Tax expense		1,385	1,793
Share of (profit)/ loss from equity accounted investee, net of tax		(89)	181
Operating profit before working capital changes		9,621	10,106
Changes in:			
Inventories		(16,855)	(2,912)
Contract costs		424	-
Contract assets		(375)	-
Trade and other receivables		(9,809)	(9,331)
Contract liabilities		167	-
Trade and other payables		14,950	8,376
Provisions		9	225
Cash (used in)/ from operating activities		(1,868)	6,464
Tax paid		(143)	(65)
Net cash (used in)/ from operating activities		(2,011)	6,399
Investing activities			
Interest received		88	61
Purchase of property, plant and equipment		(641)	(517)
Acquisition of intangible assets		(252)	(17)
Acquisition of subsidiaries, net of cash acquired		-	(8,665)
Net cash used in investing activities		(805)	(9,138)
Financing activities			
Payment of lease liabilities		(596)	-
Interest paid		(13)	(5)
Repayment of finance lease liabilities		-	(7)
Repayment of borrowings		(77)	-
Own shares acquired		(166)	(170)
Proceeds from share options exercised		83	486
Net cash (used in)/ from financing activities		(769)	304
Net decrease in cash and cash equivalents		(3,585)	(2,435)
Cash and cash equivalents at beginning of period		58,890	46,095
Effect of exchange rate changes on balances held in foreign currencies		(612)	(674)
Cash and cash equivalents at end of period		54,693	42,986

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

	Share capital S\$'000	Reserve for own shares S\$'000	Other reserves S\$'000	Share compensation reserve S\$'000	Currency translation reserve S\$'000	Retained earnings S\$'000	Total Equity S\$'000
Group							
As at 1 Jan 2018	39,737	(2,173)	1,146	3,232	(2,683)	18,551	57,810
Changes in equity for the period							
Profit for the period	-	-	-	-	-	8,218	8,218
Foreign currency translation differences	-	-	-	-	(855)*	-	(855)
Total comprehensive income for the period	-	-	-	-	(855)	8,218	7,363
Own shares acquired	-	(170)	-	-	-	-	(170)
Issue of shares related to business combination	5,518	-	-	-	-	-	5,518
Treasury shares reissued pursuant to share plans	-	934	1,362	(2,296)	-	-	-
Issue of shares pursuant to share plans	486	-	-	-	-	-	486
Total transactions with owners for the period	6,004	764	1,362	(2,296)	-	-	5,834
As at 31 Mar 2018	45,740	(1,409)	2,508	936	(3,538)	26,769	71,008

* The net exchange difference arose mainly from translation of subsidiaries' and associates' net assets and liabilities whose functional currencies are not SGD.

	Share capital S\$'000	Reserve for own shares S\$'000	Other reserves S\$'000	Share compensation reserve S\$'000	Currency translation reserve S\$'000	Retained earnings S\$'000	Total Equity S\$'000
Group							
As at 1 Jan 2019	45,786	(2,331)	1,500	2,172	(1,246)	43,623	89,504
Effect of adoption of SFRS (I) 16	-	-	-	-	-	(37)	(37)
Changes in equity for the period							
Profit for the period	-	-	-	-	-	6,596	6,596
Foreign currency translation differences	-	-	-	-	(1,062)*	-	(1,062)
Total comprehensive income for the period	-	-	-	-	(1,062)	6,596	5,534
Own shares acquired	-	(166)	-	-	-	-	(166)
Treasury shares reissued on settlement of contingent consideration	-	407	27	-	-	-	434
Treasury shares reissued pursuant to share plans	-	699	380	(996)	-	-	83
Share-based payment transactions	-	-	-	248	-	-	248
Total transactions with owners for the period	-	940	407	(748)	-	-	599
As at 31 Mar 2019	45,786	(1,391)	1,907	1,424	(2,308)	50,182	95,600

* The net exchange difference arose mainly from translation of subsidiaries' and associates' net assets and liabilities whose functional currencies are not SGD.

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

	Share capital S\$'000	Reserve for own shares S\$'000	Other reserves S\$'000	Share compensation reserve S\$'000	Retained earnings S\$'000	Total Equity S\$'000
Company						
As at 1 Jan 2018	39,737	(2,173)	985	3,232	(21,844)	19,937
Changes in equity for the period						
Total comprehensive income	-	-	-	-	918	918
Own shares acquired	-	(170)	-	-	-	(170)
Issue of shares related to business combination	5,518	-	-	-	-	5,518
Treasury shares reissued pursuant to share plans	-	934	1,362	(2,296)	-	-
Issue of shares pursuant to share plans	486	-	-	-	-	486
As at 31 Mar 2018	45,740	(1,409)	2,347	936	(20,926)	26,687

	Share capital S\$'000	Reserve for own shares S\$'000	Other reserves S\$'000	Share compensation reserve S\$'000	Retained earnings S\$'000	Total Equity S\$'000
Company						
As at 1 Jan 2019	45,786	(2,331)	1,347	2,172	(13,678)	33,296
Changes in equity for the period						
Total comprehensive income	-	-	-	-	792	792
Own shares acquired	-	(166)	-	-	-	(166)
Treasury shares reissued on settlement of contingent consideration	-	407	27	-	-	434
Treasury shares reissued pursuant to share plans	-	699	380	(996)	-	83
Share-based payment transactions	-	-	-	248	-	248
As at 31 Mar 2019	45,786	(1,391)	1,754	1,424	(12,886)	34,687

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

	As at 31-Mar-19		As at 31-Dec-18		As at 31-Mar-18	
	No. of shares	S\$'000	No. of shares	S\$'000	No. of shares	S\$'000
Issued and fully paid shares						
At 1 January	273,307,820	45,786	66,783,731	39,737	66,783,731	39,737
Bonus shares issue*	-	-	204,980,865	-	-	-
Exercise of share options	-	-	675,669	531	618,294	486
Issue of shares related to business combination	-	-	867,555	5,518	867,555	5,518
Total issued shares	273,307,820	45,786	273,307,820	45,786	68,269,580	45,740
Less treasury shares balance	(2,484,818)	(1,391)	(4,261,084)	(2,331)	(791,771)	(1,409)
Total issued shares less treasury shares reserve at end of period	270,823,002	44,395	269,046,736	43,455	67,477,809	44,332

*The Group issued 204,980,865 bonus shares on 4 June 2018.

	As at 31-Mar-19		As at 31-Dec-18		As at 31-Mar-18	
	No. of shares	S\$'000	No. of shares	S\$'000	No. of shares	S\$'000
Treasury shares						
At 1 January	(4,261,084)	(2,331)	(1,266,771)	(2,173)	(1,266,771)	(2,173)
Bonus shares issue*	-	-	(2,375,313)	-	-	-
Own shares acquired	(200,000)	(166)	(1,300,000)	(1,176)	(50,000)	(170)
Treasury shares reissued pursuant to Performance Share Plan	1,116,666	625	525,000	934	525,000	934
Treasury shares reissued on settlement of contingent consideration	727,600	407	-	-	-	-
Exercise of share options	132,000	74	156,000	84	-	-
Treasury shares balance at end of period	(2,484,818)	(1,391)	(4,261,084)	(2,331)	(791,771)	(1,409)

*The Group issued 204,980,865 bonus shares on 4 June 2018.

1(d)(iii). Share Options

Date of grant of options	Exercise price per share	Options outstanding at 1 Jan 2019	Options granted	Options exercised	Options forfeited/ expired	Options outstanding at period end	Exercise Period
27 February 2017	\$0.196*	540,000	-	-	-	540,000	28 Feb 2018 - 26 Feb 2027
23 August 2017	\$0.627*	380,000	-	(132,000)	-	248,000	24 Aug 2018 - 22 Aug 2027
15 January 2019	\$0.890	-	3,414,638	-	-	3,414,638	16 Jan 2020 - 14 Jan 2029
Total		920,000	3,414,638	(132,000)	-	4,202,638	

*Exercise price was adjusted due to the Group issued 204,980,865 bonus shares on 4 June 2018

As at 31 March 2019, the number of share options of the company outstanding was 4,202,638 (31 March 2018: 326,375 - before 4 June 2018 bonus issue). There were 132,000 options being exercised in 1Q2019 (1Q2018: 618,294 - before 4 June 2018 bonus issue).

1(d)(iv). Treasury Shares

As at 31 March 2019, the treasury shares balance was 2,484,818 (31 March 2018: 791,771 - before 4 June 2018 bonus issue). The total number of issued ordinary shares excluding treasury shares at the end of the period was 270,823,002 (31 March 2018: 67,477,809 - before 4 June 2018 bonus issue).

2. Statement on Audit

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

The figures have not been audited or reviewed.

3. Auditors' Report

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

Not applicable.

4. Accounting Policies

Whether the same accounting policies and methods of computations as in the issuer's most

Other than the adoption of SFRS(I) 16 as mentioned in paragraph 5 below, there were no changes in accounting policies and methods of computation adopted in the financial statements for the current reporting period as compared to the most recent audited annual financial statements as at 31 December 2018.

5. Changes in Accounting Policies

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

The Group and the Company have adopted SFRS(I) 16 Leases on 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting SFRS(I) 16 has been recognised as an adjustment to the opening balance of accumulated profits at 1 January 2019, with no restatement of comparative information. The Group and the Company have applied the practical expedient to grandfather the definition of a lease on transition. This means that SFRS(I) 16 has been applied to all contracts entered into before 1 January 2019 and identified as leases in accordance with SFRS(I) 1-17 Leases and SFRS(I) INT 4 Determining whether an Arrangement contains a Lease.

As at 1 January 2019, the Group has recognised ROU assets of S\$4,246,000, lease liabilities of S\$4,283,000, and a decrease in accumulated profits of S\$37,000. The Company did not have any material impact from the initial application of SFRS(I) 16 as at 1 January 2019.

6. Earnings Per Share

Earnings per ordinary share for the period for continuing operations based on net profit attributable to shareholders after deducting any provision for preference dividends

	Group	
	1Q2019	1Q2018
(i) a) EPS based on weighted average number of ordinary shares in issue	2.44 cents	12.23 cents
Weighted average number of shares in issue	269,926,814	67,216,420
(i) b) EPS based on weighted average number of ordinary shares in issue [adjusted for 2018 bonus issue*]	2.44 cents	3.06 cents
Weighted average number of shares in issue [adjusted for 2018 bonus issue*]	269,926,814	268,865,680
(ii) a) EPS based on a fully diluted basis	2.43 cents	12.18 cents
Weighted average number of shares adjusted for the effect of dilutive potential ordinary shares	271,586,452	67,489,562
(ii) b) EPS based on a fully diluted basis [adjusted for 2018 bonus issue*]	2.43 cents	3.05 cents
Weighted average number of shares adjusted for the effect of dilutive potential ordinary shares [adjusted for 2018 bonus issue*]	271,586,452	269,958,248

*The Group issued 204,980,865 bonus shares on 4 June 2018

7. Net Asset Value Per Share

	Group		Company	
	31-Mar-19	31-Dec-18	31-Mar-19	31-Dec-18
Net asset value per share	35.3 cents	33.3 cents	12.8 cents	12.4 cents

Net asset value per share is calculated based on the existing issued share capital less treasury shares of 270,823,002 ordinary shares as at 31 March 2019 (31 December 2018: 269,046,736).

8. Group Performance Review

Analysis of Consolidated Income Statement

	Quarterly Results		
	1Q2019 S\$'000	1Q2018 S\$'000	Change %
Equipment Systems ("ESS")	51,528	63,769	-19.2%
Precision Components ("PCS")	1,188	1,881	-36.8%
Overall	52,716	65,650	-19.7%

Revenue from ESS decreased 19.2% from S\$63.8 million in 1Q2018 to S\$51.5 million in 1Q2019 mainly due to a reduction in orders from our main customer. Revenue from the PCS business was 36.8% lower in 1Q2019, decreasing from S\$1.9 million in 1Q2018 to S\$1.2 million in 1Q2019.

As a result of the above, the Group recorded a 19.7% decrease in its total revenue for 1Q2019, which reduced from S\$65.7 million in 1Q2018 to S\$52.7 million in 1Q2019.

Raw materials and consumables cost, taking into consideration changes in inventories excluding reversal for inventory obsolescence, decreased from S\$43.6 million in 1Q2018 to S\$32.5 million in 1Q2019, representing a decrease of 25.4%. Material margin improved mainly due to higher revenue from engineering development projects and change in product mix.

Depreciation expense increased 312.6% from S\$262,000 in 1Q2018 to S\$1.1 million in 1Q2019 mainly due to additional depreciation charge incurred upon the recognition of ROU assets as a result of the adoption of the new SFRS(I) 16 Leases as well as higher carrying value from renovation and equipment expenditure in 2018. Operating lease expenses in 1Q2019 compared to 1Q2018 was lower mainly due to lower rental expenses upon the recognition of the ROU assets, offset by the increase in operating lease expenses arising from the acquisition of Afore Oy and additional rented space.

Amortisation of intangible assets increased from S\$83,000 in 1Q2018 to S\$431,000 in 1Q2019 due to the higher carrying value of intangible assets in 1Q2019 resulting mainly from the acquisition of Afore Oy and IRIS Solution Pte Ltd in 1Q2018.

Legal and professional fees decreased 40.5% in 1Q2019 from S\$751,000 in 1Q2018 to S\$447,000 in 1Q2019 mainly due to lower merger and acquisition expenses incurred in 1Q2019.

Sales and marketing expenses increased 31.9% from S\$1.2 million in 1Q2018 to S\$1.6 million in 1Q2019 mainly due to higher warranty and marketing expenses, offset by lower overseas travel expenses.

Other expenses decreased 69.5% from S\$912,000 in 1Q2018 to S\$278,000 in 1Q2019 mainly due to lower foreign exchange loss.

As a result of the above, profit before tax was S\$8.0 million in 1Q2019 compared to a profit before tax of S\$10.0 million in 1Q2018. After taking into consideration tax expenses of S\$1.4 million in 1Q2019 and S\$1.8 million in 1Q2018, profit after tax was S\$6.6 million in 1Q2019 compared to S\$8.2 million in 1Q2018.

8. Group Performance Review (Cont'd)

Analysis of Statement of Financial Position

Trade and other receivables increased mainly due to the increased sales in 1Q2019 as compared to the previous quarter.

Cash and cash equivalents of the Group decreased by S\$4.2 million in 1Q2019 mainly due to capital expenditure of S\$893,000 and increase in working capital of S\$11.5 million as a result of the higher sales orders.

The increase in trade and other payables was mainly due to increased material purchases as a result of the increase in sales orders to be fulfilled.

9. Prospect vs Actual Results

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

In our financial guidance dated 25 April 2019, we stated that we expect to achieve revenue between S\$225 million to S\$250 million in FY2019.

The Group achieved revenue of S\$52.7 million in 1Q2019.

10. Business Outlook

Commentary of significant trends and competitive conditions of the industry and any known factors or events that may affect the Group

Our current high-density handler has been in high volume manufacturing since late 2016. In 2019, we expect continued sales though at a moderated level compared with that of 2018. New equipment sales will depend on the timing and pace at which our customer replaces legacy platforms with our equipment, sales seasonality, and on market share gains by our customer. We also expect continued sales of our kits and pans which go into our existing installed base of equipment at our customer's sites.

As of 25 April 2019, the Group announced that it has received sales orders worth S\$209 million for delivery in 2019. With these additional sales orders, the Group has revised upwards its revenue guidance for FY2019 to be between S\$225 million to S\$250 million. Capital expenditure is expected to be between S\$4 million to S\$7 million for the year to support engineering and business development for future customer programmes.

We have also been working towards diversifying our customer base and through our AMPS (Asynchronous Modular Parallel Smart platform) initiative. We have secured a memory manufacturer as a client in 2018 and have delivered the first commercial solution in early 2019. AEM also aims to develop accounts with other semiconductor manufacturers in 2019 for solutions through its AMPS initiative. In 2017 and 2018, we completed three acquisitions and expanded our capabilities into industrial RF Test solutions, wafer-level MEMS testing solutions and vision inspection. Further to the initial order from Huawei in October 2018 for AEM's optical fiber cable-test solution to be developed for qualifying high-performance short reach cabling links for Huawei's 5G backhaul network, AEM has received acceptance from Huawei for its test equipment and solution and a further sales order for equipment delivery in 2019.

Afore is continuing to focus its R&D on the MEMs market that is expected to follow the 5G market growth. Our advanced R&D efforts were recently recognized by Intel Quantum Computing which commissioned Afore Oy, together with Bluefors to developed a first-of-its-kind tool for wafer level probing at cryogenic temperatures of below 4 Kelvin. The program will have the potential to help grow into new markets in the quantum computing field that require testing and characterization at temperatures near absolute zero.

11. Dividends

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? No.

Name of Dividend	NA
Dividend Type	NA
Dividend Rate	NA
Tax Rate	NA

(b) Corresponding Period of the Immediately Preceding Financial Year

Name of Dividend	NA
Dividend Type	NA
Dividend Rate	NA
Tax Rate	NA

11. Dividends (Cont'd)

(c) Date Payable

Not applicable

(d) Books Closure Date

Not applicable

(e) Dividend Policy

Our dividend policy is based on a payout of annual dividends, including interim dividends of not less than 25% of the Group consolidated profit after tax, excluding non-recurring, one-off and exceptional items, in respect of any financial year to its shareholders. This is subject to the Group's retained earnings, financial position, capital expenditure requirements, future expansion, investment plans and other relevant factors.

12. Statement on Dividends

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

No dividend has been declared for the current financial period reported on. Dividend, if any, will be recommended in future financial statements and related announcements.

13. Interested Person Transactions

If no IPT mandate has been obtained, a statement to that effect

No IPT mandate has been obtained.

Name of interested person	S\$'000
Novo Tellus Capital Partners Pte Ltd ("Novo Tellus")	63

This amount represents the professional fee of S\$45,000 paid by the Company to Novo Tellus for advisory services in merger and acquisition activities of the Group and the Group's share of the consultancy services fee of S\$18,000 paid by the Company's associated company, Novoflex Pte Ltd. to Novo Tellus.

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

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial results of the Group and the Company for the period ended 31 March 2019, to be false or misleading in any material respect.

15. Confirmation by the Directors and Officers Pursuant to Rule 720(1) of the Listing Manual

The Group confirms that it has procured undertakings from all its Directors and Executive Officers.

16. Person Occupying a Managerial Position

Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(11). If there are no such persons, the issuer must make an appropriate negative statement.

There is no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Loke Wai San
Executive Chairman
7 May 2019