

# SGXNET Announcement



**AEM Holdings Ltd  
(Registration No. 200006417D)  
Quarterly Financial Statements and Dividend Announcement  
For Period Ended 31 December 2017**

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1. Financial Statements
  - 1(a)(i) Consolidated Income Statement
  - 1(a)(ii) Consolidated Comprehensive Income Statement
  - 1(a)(iii) Explanatory Notes to Consolidated Income Statement
  - 1(b)(i) Statement of Financial Position
  - 1(b)(ii) Group Borrowings and Debt Securities
  - 1(c) Consolidated Cash Flow Statement
  - 1(d)(i) Statements of Changes in Equity
  - 1(d)(ii) Changes in Share Capital
  - 1(d)(iii) Share Options
  - 1(d)(iv) Treasury Shares
2. Statement on Audit
3. Auditors' Report
4. Accounting Policies
5. Changes in Accounting Policies
6. Earnings Per Share
7. Net Asset Value Per Share
8. Group Performance Review
9. Prospect vs Actual Results
10. Business Outlook
11. Dividends
12. Statement on Dividends
13. Interested Person Transactions
14. Confirmation by the Directors and Officers Pursuant to Rule 720(1) of the Listing Manual
15. Business Segment Information
16. Review of Segmental Sales and Earnings
17. Breakdown of Half Yearly Sales and Profit
18. Person Occupying a Managerial Position

## 1. Financial Statements

### 1(a)(i). Consolidated Income Statement

	Note	Quarterly Results			YTD Results		
		4Q2017 S\$'000	4Q2016 S\$'000	Change* %	FY2017 S\$'000	Restated** FY2016 S\$'000	Change* %
Revenue		59,048	19,552	202.0%	221,622	70,123	216.0%
Other income		95	324	-70.7%	249	269	-7.4%
Changes in inventories of finished goods and work-in-progress	A.2	(457)	4,093	-111.2%	21,308	7,644	178.8%
Raw materials and other consumables	A.2	(36,578)	(16,552)	-121.0%	(169,907)	(51,533)	-229.7%
Staff costs		(7,974)	(4,016)	-98.6%	(25,338)	(13,562)	-86.8%
Depreciation of property, plant and equipment		(182)	(162)	-12.3%	(612)	(665)	8.0%
Amortisation of intangible assets		(46)	(24)	-91.7%	(86)	(153)	43.8%
Other expenses	A.3	(3,126)	(1,724)	-81.3%	(10,258)	(5,562)	-84.4%
Finance expenses		(10)	(5)	-100.0%	(37)	(21)	-76.2%
Share of loss of equity-accounted investee		(151)	(220)	31.4%	(105)	(449)	76.6%
<b>Profit before taxation</b>		<b>10,619</b>	<b>1,266</b>	<b>738.8%</b>	<b>36,836</b>	<b>6,091</b>	<b>504.8%</b>
Income tax expenses	1.1	(906)	(429)	-111.2%	(5,347)	(1,325)	-303.5%
<b>Profit after tax from continuing operations</b>		<b>9,713</b>	<b>837</b>	<b>1060.5%</b>	<b>31,489</b>	<b>4,766</b>	<b>560.7%</b>
Loss from discontinued operation		-	-	NM	-	(109)	100.0%
<b>Profit for the period</b>		<b>9,713</b>	<b>837</b>	<b>1060.5%</b>	<b>31,489</b>	<b>4,657</b>	<b>576.2%</b>
<b>Other comprehensive income</b>							
Translation (loss)/ gain relating to financial statements of foreign subsidiaries, net of tax		(458)	1,580	-129.0%	(2,683)	893	-400.4%
Effect of liquidation and disposal of subsidiaries		-	867	-100.0%	695	852	-18.4%
<b>Other comprehensive (loss)/ income for the period, net of tax</b>		<b>(458)</b>	<b>2,447</b>	<b>-118.7%</b>	<b>(1,988)</b>	<b>1,745</b>	<b>-213.9%</b>
<b>Total comprehensive income for the period</b>		<b>9,255</b>	<b>3,285</b>	<b>181.7%</b>	<b>29,501</b>	<b>6,402</b>	<b>360.8%</b>

\* Increase/(Decrease) in Earnings

NM: Not Meaningful

\*\*The Group sold its interest in AEM (Suzhou) Co. Ltd. (ASZ) in 1Q2016. Consequently, the comparative statement of profit or loss has been restated to show the discontinued operation separately from continuing operations

- 1.1 The effective tax rate recorded for FY2017 were lower than the composite statutory rate of Singapore and Malaysia where the Group operate principally was mainly due to increase in capital allowance claimed and tax deductions from productivity and innovation credit scheme.

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

#### Total comprehensive income attributable to:

Owners of the Company		9,255	3,285	181.7%	29,501	6,402	360.8%
<b>Total comprehensive income for the period</b>		<b>9,255</b>	<b>3,285</b>	<b>181.7%</b>	<b>29,501</b>	<b>6,402</b>	<b>360.8%</b>

\* 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			YTD Results		
		4Q2017 S\$'000	4Q2016 S\$'000	Change* %	FY2017 S\$'000	Restated** FY2016 S\$'000	Change* %
Government grant income		15	23	-34.8%	67	111	-39.6%
Interest income		58	1	NM	73	16	356.3%
Exchange (loss)/ gain, net	A.1(a)	(202)	219	NM	(1,362)	(347)	-292.5%
Allowance for inventory obsolescence reversed	A.1(b) , A.2	155	202	-23.3%	692	696	-0.6%
Refund of property tax		-	-	NM	76	-	NM
Loss on liquidation & disposal of dormant subsidiaries	A.1(c)	-	(463)	NM	(695)	(448)	NM
Provision reversed for impairment loss on property, plant and equipment	A.1(d)	-	213	NM	-	213	NM

\* Increase/(Decrease) in Earnings  
NM: Not Meaningful

- A.1 (a)** The foreign exchange loss in 4Q2017 and FY2017 arose mainly due to depreciation of the United States dollar against the Singapore dollar and Malaysian Ringgit, resulting from the translation of our working capital.
- A.1 (b)** There was a reversal of allowance for inventory obsolescence in 4Q2017 and FY2017 due to utilisation of slow moving inventories.
- A.1 (c)** The Group liquidated two of its wholly owned subsidiaries which had been dormant for some time, resulting in a disposal loss of S\$695,000 in FY2017. In FY2016, the Group disposed two of its wholly owned subsidiaries, resulting in a disposal loss of S\$448,000. The disposal losses for both years were mainly due to the realisation of foreign currency translation losses.
- A.1 (d)** The impairment for property, plant and equipment that was reversed in 4Q2016 relates to impairment recognised in the prior year.

### 1(a)(iii). Explanatory Notes to Consolidated Income Statement (Cont'd)

#### A.2 Raw Material and Other Consumables

	Quarterly Results			YTD Results		
	4Q2017 S\$'000	4Q2016 S\$'000	Change* %	FY2017 S\$'000	Restated** FY2016 S\$'000	Change* %
Changes in inventories of finished goods and work-in-progress excluding allowance for inventory obsolescence	(612)	3,891	-115.7%	20,616	6,948	196.7%
Raw materials and consumables cost	(36,578)	(16,552)	-121.0%	(169,907)	(51,533)	-229.7%
Material cost before reversal of allowance for obsolescence	(37,190)	(12,661)	-193.7%	(149,291)	(44,585)	-234.8%
Allowance for inventory obsolescence reversed	155	202	-23.3%	692	696	-0.6%
<b>Total</b>	<b>(37,035)</b>	<b>(12,459)</b>	<b>-197.3%</b>	<b>(148,599)</b>	<b>(43,889)</b>	<b>-238.6%</b>

\* Increase/(Decrease) in Earnings  
NM: Not Meaningful

Raw materials and consumables cost, taking into consideration changes in inventories excluding allowance and reversal for inventory obsolescence, increased from S\$12.7 million in 4Q2016 to S\$37.2 million in 4Q2017, representing an increase of 193.7%, and from S\$44.6 million in FY2016 to S\$149.3 million in FY2017, representing an increase of 234.8%. The raw materials and other consumables cost increase in 4Q2017 was lower than revenue increase mainly due to favourable change in revenue and margin mix, favourable change in price from SGD to USD billing, and increase in engineering service revenue for new development projects. The raw materials and other consumables cost increase in FY2017 was higher than revenue increase mainly due to a shift in revenue mix towards sales of new equipment and pans which require higher material costs.

#### A.3 Other expenses (excluding staff costs, depreciation and amortisation)

	Note	Quarterly Results			YTD Results		
		4Q2017 S\$'000	4Q2016 S\$'000	Change* %	FY2017 S\$'000	Restated** FY2016 S\$'000	Change* %
Rental, utilities and upkeep	A.3(a)	954	621	-53.6%	3,305	2,611	-26.6%
Sales, marketing & general expenses	A.3(b)	1,970	853	-131.0%	4,896	2,369	-106.7%
Loss on liquidation & disposal of dormant subsidiaries	A.1(c)	-	463	NM	695	448	NM
Provision reversed for impairment loss on property, plant and equipment	A.1(d)	-	(213)	NM	-	(213)	NM
Foreign exchange loss	A.1(a)	202	-	NM	1,362	347	-292.5%
<b>Total</b>		<b>3,126</b>	<b>1,724</b>	<b>-81.3%</b>	<b>10,258</b>	<b>5,562</b>	<b>-84.4%</b>

\* Increase/(Decrease) in Earnings  
NM: Not Meaningful

**A.3 (a)** The increase in rental, utilities and upkeep in 4Q2017 and FY2017 compared to 4Q2016 and FY2016 were mainly due to higher rental and upkeep of facilities from the increased production space to fulfill the increased sales orders.

**A.3 (b)** In 4Q2017 and FY2017, sales, marketing and general expenses increased 131.0% from S\$853,000 to S\$2.0 million and increased 106.7% from S\$2.4 million to S\$4.9 million respectively mainly due to higher sales resulting in higher warranty expenses, selling costs, overseas travel, professional charges and withholding tax.

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

	Note	Group		Company	
		31-Dec-17 S\$'000	31-Dec-16 S\$'000	31 Dec-17 S\$'000	31-Dec-16 S\$'000
<b>Non-current assets</b>					
Property, plant and equipment	B.1	3,623	2,226	34	40
Intangible assets and goodwill	B.2	3,449	65	-	1
Subsidiaries		-	-	12,914	10,194
Associate		4,133	4,499	4,667	4,667
Deferred tax asset		-	76	-	4
		<b>11,205</b>	<b>6,866</b>	<b>17,615</b>	<b>14,906</b>
<b>Current assets</b>					
Inventories	B.3	35,803	17,443	-	-
Trade and other receivables	B.4	23,557	17,777	4,934	3,758
Cash and cash equivalents	B.5	46,095	6,310	2,384	914
		<b>105,455</b>	<b>41,530</b>	<b>7,318</b>	<b>4,672</b>
<b>Total assets</b>		<b>116,660</b>	<b>48,396</b>	<b>24,933</b>	<b>19,578</b>
<b>Equity Attributable to Owners of the Company</b>					
Share capital	1(d)(i)	39,737	39,737	39,737	39,737
Other reserves	1(d)(i)	(10,787)	(11,348)	2,043	(505)
Accumulated gains/ (losses)	1(d)(i)	28,860	1,839	(21,844)	(20,831)
Total equity		<b>57,810</b>	<b>30,228</b>	<b>19,936</b>	<b>18,401</b>
<b>Non-current liabilities</b>					
Financial liabilities	1(b)(ii)	-	7	-	-
Provision		259	280	-	17
Deferred tax liabilities		309	42	-	-
		<b>568</b>	<b>329</b>	<b>-</b>	<b>17</b>
<b>Current liabilities</b>					
Trade and other payables	B.6	52,232	16,713	4,866	1,149
Financial liabilities	1(b)(ii)	7	78	-	-
Current tax payable	B.7	5,648	805	131	11
Provisions		395	243	-	-
		<b>58,282</b>	<b>17,839</b>	<b>4,997</b>	<b>1,160</b>
<b>Total liabilities</b>		<b>58,850</b>	<b>18,168</b>	<b>4,997</b>	<b>1,177</b>
<b>Total equity and liabilities</b>		<b>116,660</b>	<b>48,396</b>	<b>24,933</b>	<b>19,578</b>

- B.1** During the year, the Group increased its production spaces and strengthened its IT infrastructure which resulted in the increase of property, plant and equipment.
- B.2** The increase in intangible assets and goodwill was mainly due to the acquisition of a subsidiary which resulted in an increase of intangible assets of S\$1.8 million and goodwill of S\$1.2 million.
- B.3** The increase in inventories was mainly due to increase in sales, business volume and inventory builds for fulfillment of sales orders over the next few quarters.
- B.4** Trade and other receivables increased mainly due to the increased sales in 4Q2017.
- B.5** The cash and cash equivalent of the Group increased by S\$39.8 million in FY2017 was mainly due to increased cash flows from operating activities of S\$49.8 million being generated in FY2017 arising mainly from the operating profit which was mainly offset by cash used for purchase of property, plant and equipment, dividend payments and purchase of treasury shares.
- B.6** 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.
- B.7** The increase in current tax payable was mainly due to increased profits in FY2017.

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

	31-Dec-17 S\$'000	31-Dec-16 S\$'000
<b>Amount repayable in one year or less, or on demand</b>		
- Secured short term borrowing	-	-
- Secured finance lease liabilities	7	78
	<b>7</b>	<b>78</b>
<b>Amount repayable after one year</b>		
- Secured finance lease liabilities	-	7
<b>Total</b>	<b>7</b>	<b>85</b>

The finance lease liabilities are secured by both the corporate guarantee from AEM Holdings Ltd and fixed charge on the equipment being financed.

## 1(c). Consolidated Cash Flow Statement

	Note	4Q2017 S\$'000	4Q2016 S\$'000	FY2017 S\$'000	FY2016 S\$'000
<b>Operating activities</b>					
Profit from continuing operations		9,713	837	31,489	4,766
Loss from discontinued operations		-	-	-	(109)
<b>Profit for the period</b>		<b>9,713</b>	<b>837</b>	<b>31,489</b>	<b>4,657</b>
Adjustments for:					
Depreciation and amortisation		228	186	698	855
Provision reversed for impairment loss on property, plant and equipment		-	(213)	-	(213)
Gain/ (loss) on disposal of property, plant and equipment		-	(19)	(3)	7
Fixed asset written off		-	1	-	1
Loss on liquidation & disposal of dormant subsidiaries		-	463	695	448
Refund of property tax		-	-	(76)	-
Allowance for inventory obsolescence reversed		(155)	(202)	(692)	(801)
Interest income		(58)	(1)	(73)	(16)
Interest expense		10	5	37	21
Provision (reversed)/ provided for warranties		(53)	72	-	29
Equity settled share based payment transactions		1,581	500	2,299	529
Tax expense		906	430	5,362	1,325
Share of loss from equity accounted investee, net of tax		151	220	105	449
<b>Operating profit before working capital changes</b>		<b>12,323</b>	<b>2,280</b>	<b>39,841</b>	<b>7,291</b>
Changes in:					
Inventories		1,010	(4,238)	(19,584)	(7,271)
Trade and other receivables		2,359	(425)	(7,269)	(6,961)
Trade and other payables		13,214	1,324	37,068	5,290
<b>Cash from/ (used in) operations</b>		<b>28,906</b>	<b>(1,058)</b>	<b>50,056</b>	<b>(1,651)</b>
Income tax recovered/ (paid)		126	(141)	(274)	-
<b>Cash flows from/ (used in) operating activities</b>		<b>29,032</b>	<b>(1,199)</b>	<b>49,782</b>	<b>(1,651)</b>

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

	Note	4Q2017 S\$'000	4Q2016 S\$'000	FY2017 S\$'000	FY2016 S\$'000
<b>Investing activities</b>					
Interest income		58	1	73	16
Purchase of property, plant and equipment		(1,582)	(310)	(2,110)	(605)
Proceeds from disposal of subsidiary		-	-	-	2,740
Refund of property tax		-	-	76	-
Proceeds from sale of property, plant and equipment		-	25	3	25
Net cash inflow from disposal of discontinued operation		-	-	-	1,351
Acquisition of intangible assets		(398)	(3)	(423)	(4)
Acquisition of equity-accounted investee		-	(897)	-	(4,667)
Acquisition of subsidiary, net cash acquired		45	-	45	-
<b>Net cash used in investing activities</b>		<b>(1,877)</b>	<b>(1,184)</b>	<b>(2,336)</b>	<b>(1,144)</b>
<b>Financing activities</b>					
Interest paid		(10)	9	(37)	(7)
Repayment of finance lease liabilities		(24)	(33)	(82)	(90)
Proceeds from short term borrowings		-	-	1,351	-
Repayment of short term borrowings		-	-	(1,351)	-
Dividend payment		(3,621)	-	(4,467)	(658)
Purchase of treasury shares		(1,754)	(290)	(1,961)	(775)
Share options exercised		141	-	146	-
<b>Net cash used in financing activities</b>		<b>(5,268)</b>	<b>(314)</b>	<b>(6,401)</b>	<b>(1,530)</b>
<b>Net increased/ (decreased) in cash and cash equivalents</b>		<b>21,887</b>	<b>(2,700)</b>	<b>41,045</b>	<b>(4,325)</b>
Cash and cash equivalents at beginning of period		25,012	8,405	6,310	10,363
Effect of exchange rate changes on balances held in foreign currencies		(804)	605	(1,260)	272
<b>Cash and cash equivalents at end of period</b>		<b>46,095</b>	<b>6,310</b>	<b>46,095</b>	<b>6,310</b>

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

	Share capital S\$'000	Treasury share reserve S\$'000	Capital reserve S\$'000	Share compensation reserve S\$'000	Currency translation reserve S\$'000	Retained earnings S\$'000	Total Equity S\$'000
<b>Group</b>							
<b>As at 1 Jan 2016</b>	<b>39,737</b>	<b>(489)</b>	<b>214</b>	<b>230</b>	<b>(13,030)</b>	<b>(2,160)</b>	<b>24,502</b>
<b>Changes in equity for the period</b>							
Profit for the period	-	-	-	-	-	241	241
Foreign currency translation differences	-	-	-	-	(424)*	-	(424)
<b>Total comprehensive (loss)/ income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(424)</b>	<b>241</b>	<b>(183)</b>
Own shares acquired	-	(105)	-	-	-	-	(105)
<b>Total transactions with owners for the period</b>	<b>-</b>	<b>(105)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(105)</b>
<b>As at 31 Mar 2016</b>	<b>39,737</b>	<b>(594)</b>	<b>214</b>	<b>230</b>	<b>(13,454)</b>	<b>(1,919)</b>	<b>24,214</b>
Profit for the period	-	-	-	-	-	1,338	1,338
Foreign currency translation differences	-	-	-	-	(437)*	-	(437)
Disposal of a dormant subsidiary	-	-	(53)	-	852	-	799
<b>Total comprehensive (loss)/ income for the period</b>	<b>-</b>	<b>-</b>	<b>(53)</b>	<b>-</b>	<b>415</b>	<b>1,338</b>	<b>1,700</b>
Own shares acquired	-	(157)	-	-	-	-	(157)
Dividend declared	-	-	-	-	-	(440)	(440)
<b>Total transactions with owners for the period</b>	<b>-</b>	<b>(157)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(440)</b>	<b>(597)</b>
<b>As at 30 Jun 2016</b>	<b>39,737</b>	<b>(751)</b>	<b>161</b>	<b>230</b>	<b>(13,039)</b>	<b>(1,021)</b>	<b>25,317</b>
Profit for the period	-	-	-	-	-	2,242	2,242
Foreign currency translation differences	-	-	-	-	174 *	-	174
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>174</b>	<b>2,242</b>	<b>2,416</b>
Issue of share options	-	-	-	29	-	-	29
Own shares acquired	-	(225)	-	-	-	-	(225)
Dividend declared	-	-	-	-	-	(218)	(218)
<b>Total transactions with owners for the period</b>	<b>-</b>	<b>(225)</b>	<b>-</b>	<b>29</b>	<b>-</b>	<b>(218)</b>	<b>(414)</b>
<b>As at 30 Sep 2016</b>	<b>39,737</b>	<b>(976)</b>	<b>161</b>	<b>259</b>	<b>(12,865)</b>	<b>1,003</b>	<b>27,319</b>
Profit for the period	-	-	-	-	-	836	836
Foreign currency translation differences	-	-	-	-	1,861 *	-	1,861
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,861</b>	<b>836</b>	<b>2,697</b>
Issue of performance shares	-	-	-	500	-	-	500
Own shares acquired	-	(288)	-	-	-	-	(288)
<b>Total transactions with owners for the period</b>	<b>-</b>	<b>(288)</b>	<b>-</b>	<b>500</b>	<b>-</b>	<b>-</b>	<b>212</b>
<b>As at 31 Dec 2016</b>	<b>39,737</b>	<b>(1,264)</b>	<b>161</b>	<b>759</b>	<b>(11,004)</b>	<b>1,839</b>	<b>30,228</b>

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



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

	Share capital S\$'000	Treasury share reserve S\$'000	Capital reserve S\$'000	Share compensation reserve S\$'000	Currency translation reserve S\$'000	Retained earnings S\$'000	S\$'000
<b>Group</b>							
<b>As at 1 Jan 2017</b>	<b>39,737</b>	<b>(1,264)</b>	<b>161</b>	<b>759</b>	<b>(11,004)</b>	<b>1,839</b>	<b>30,228</b>
<b>Changes in equity for the period</b>							
Profit for the period	-	-	-	-	-	4,136	4,136
Foreign currency translation differences	-	-	-	-	(683)*	-	(683)
Liquidation of a dormant subsidiary	-	-	-	-	695	-	695
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12</b>	<b>4,136</b>	<b>4,148</b>
Own shares acquired	-	(25)	-	-	-	-	(25)
Issue of shares under Performance Share Plan	-	324	-	(114)	-	-	210
Issue of share options	-	-	-	127	-	-	127
<b>Total transactions with owners for the period</b>	<b>-</b>	<b>299</b>	<b>-</b>	<b>13</b>	<b>-</b>	<b>-</b>	<b>312</b>
<b>As at 31 Mar 2017</b>	<b>39,737</b>	<b>(965)</b>	<b>161</b>	<b>772</b>	<b>(10,992)</b>	<b>5,975</b>	<b>34,688</b>
Profit for the period	-	-	-	-	-	8,213	8,213
Foreign currency translation differences	-	-	-	-	(576)*	-	(576)
<b>Total comprehensive (loss)/ income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(576)</b>	<b>8,213</b>	<b>7,637</b>
Own shares acquired	-	(20)	-	-	-	-	(20)
Issue of shares under Performance Share Plan	-	25	-	84	-	-	109
Share options exercised	-	16	-	(11)	-	-	5
Dividend declared	-	-	-	-	-	(846)	(846)
<b>Total transactions with owners for the period</b>	<b>-</b>	<b>21</b>	<b>-</b>	<b>73</b>	<b>-</b>	<b>(846)</b>	<b>(752)</b>
<b>As at 30 Jun 2017</b>	<b>39,737</b>	<b>(944)</b>	<b>161</b>	<b>845</b>	<b>(11,568)</b>	<b>13,342</b>	<b>41,573</b>
Profit for the period	-	-	-	-	-	9,427	9,427
Foreign currency translation differences	-	-	-	-	(966)*	-	(966)
<b>Total comprehensive (loss)/ income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(966)</b>	<b>9,427</b>	<b>8,461</b>
Own shares acquired	-	(162)	-	-	-	-	(162)
Issue of shares under Performance Share Plan	-	16	-	48	-	-	64
Issue of share options	-	-	-	31	-	-	31
<b>Total transactions with owners for the period</b>	<b>-</b>	<b>(146)</b>	<b>-</b>	<b>79</b>	<b>-</b>	<b>-</b>	<b>(67)</b>
<b>As at 30 Sep 2017</b>	<b>39,737</b>	<b>(1,090)</b>	<b>161</b>	<b>925</b>	<b>(12,534)</b>	<b>22,769</b>	<b>49,968</b>
Profit for the period	-	-	-	-	-	9,713	9,713
Foreign currency translation differences	-	-	-	-	(458)*	-	(458)
<b>Total comprehensive (loss)/ income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(458)</b>	<b>9,713</b>	<b>9,255</b>
Issue of shares related to business combination	-	376	1,148	-	-	-	1,524
Own shares acquired	-	(1,754)	-	-	-	-	(1,754)
Issue of shares under Performance Share Plan	-	-	-	2,296	-	-	2,296
Share options exercised	-	294	-	(152)	-	-	142
Dividend declared	-	-	-	-	-	(3,621)	(3,621)
<b>Total transactions with owners for the period</b>	<b>-</b>	<b>(1,084)</b>	<b>1,148</b>	<b>2,144</b>	<b>-</b>	<b>(3,621)</b>	<b>(1,413)</b>
<b>As at 31 Dec 2017</b>	<b>39,737</b>	<b>(2,174)</b>	<b>1,309</b>	<b>3,069</b>	<b>(12,991)</b>	<b>28,860</b>	<b>57,810</b>

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

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

	Share capital S\$'000	Treasury share reserve S\$'000	Capital reserve S\$'000	Share compensation reserve S\$'000	Retained earnings S\$'000	Total Equity S\$'000
<b>Company</b>						
<b>As at 1 Jan 2016</b>	<b>39,737</b>	<b>(489)</b>	<b>-</b>	<b>230</b>	<b>(22,711)</b>	<b>16,767</b>
<b>Changes in equity for the period</b>						
Own shares acquired	-	(105)	-	-	-	(105)
Total comprehensive income	-	-	-	-	88	88
<b>As at 31 Mar 2016</b>	<b>39,737</b>	<b>(594)</b>	<b>-</b>	<b>230</b>	<b>(22,623)</b>	<b>16,750</b>
Own shares acquired	-	(157)	-	-	-	(157)
Dividend declared	-	-	-	-	(440)	(440)
Total comprehensive income	-	-	-	-	2,732	2,732
<b>As at 30 Jun 2016</b>	<b>39,737</b>	<b>(751)</b>	<b>-</b>	<b>230</b>	<b>(20,331)</b>	<b>18,885</b>
Own shares acquired	-	(224)	-	-	-	(224)
Dividend declared	-	-	-	-	(218)	(218)
Total comprehensive income	-	-	-	-	464	464
Issue of shares under Performance Share Plan	-	-	-	29	-	29
<b>As at 30 Sep 2016</b>	<b>39,737</b>	<b>(975)</b>	<b>-</b>	<b>259</b>	<b>(20,085)</b>	<b>18,936</b>
Own shares acquired	-	(289)	-	-	-	(289)
Total comprehensive loss	-	-	-	-	(746)	(746)
Issue of shares under Performance Share Plan	-	-	-	500	-	500
<b>As at 31 Dec 2016</b>	<b>39,737</b>	<b>(1,264)</b>	<b>-</b>	<b>759</b>	<b>(20,831)</b>	<b>18,401</b>

	Share capital S\$'000	Treasury share reserve S\$'000	Capital reserve S\$'000	Share compensation reserve S\$'000	Retained earnings S\$'000	Total Equity S\$'000
<b>Company</b>						
<b>As at 1 Jan 2017</b>	<b>39,737</b>	<b>(1,264)</b>	<b>-</b>	<b>759</b>	<b>(20,831)</b>	<b>18,401</b>
<b>Changes in equity for the period</b>						
Own shares acquired	-	(25)	-	-	-	(25)
Issue of shares under Performance Share Plan	-	324	-	(114)	-	210
Issue of share options	-	-	-	127	-	127
Total comprehensive income	-	-	-	-	957	957
<b>As at 31 Mar 2017</b>	<b>39,737</b>	<b>(965)</b>	<b>-</b>	<b>772</b>	<b>(19,874)</b>	<b>19,670</b>
Own shares acquired	-	(20)	-	-	-	(20)
Issue of shares under Performance Share Plan	-	25	-	84	-	109
Share options exercised	-	16	-	(11)	-	5
Dividend declared	-	-	-	-	(846)	(846)
Total comprehensive income	-	-	-	-	1,628	1,628
<b>As at 30 Jun 2017</b>	<b>39,737</b>	<b>(944)</b>	<b>-</b>	<b>846</b>	<b>(19,092)</b>	<b>20,547</b>
Own shares acquired	-	(162)	-	-	-	(162)
Issue of shares under Performance Share Plan	-	16	-	48	-	64
Issue of share options	-	-	-	31	-	31
Total comprehensive income	-	-	-	-	987	987
<b>As at 30 Sep 2017</b>	<b>39,737</b>	<b>(1,090)</b>	<b>-</b>	<b>925</b>	<b>(18,105)</b>	<b>21,467</b>
Own shares acquired	-	(1,754)	-	-	-	(1,754)
Issue of shares related to business combination	-	376	1,148	-	-	1,524
Issue of shares under Performance Share Plan	-	-	-	2,296	-	2,296
Share options exercised	-	294	-	(152)	-	142
Dividend declared	-	-	-	-	(3,621)	(3,621)
Total comprehensive loss	-	-	-	-	(118)	(118)
<b>As at 31 Dec 2017</b>	<b>39,737</b>	<b>(2,174)</b>	<b>1,148</b>	<b>3,069</b>	<b>(21,844)</b>	<b>19,936</b>

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

	As at 31-Dec-17		As at 31-Dec-16	
	No. of shares	S\$'000	No. of shares	S\$'000
<b>Issued and fully paid</b>				
At 1 January	45,112,629	39,737	45,112,629	39,737
Bonus shares issue*	21,671,102	-	-	-
<b>Total issued shares</b>	<b>66,783,731</b>	<b>39,737</b>	<b>45,112,629</b>	<b>39,737</b>
Less treasury shares balance	(1,266,771)	(2,173)	(2,347,500)	(1,264)
<b>Total issued shares less treasury shares reserve at end of period</b>	<b>65,516,960</b>	<b>37,564</b>	<b>42,765,129</b>	<b>38,473</b>

\*The Group issued 21,671,102 bonus shares on 18 April 2017.

	As at 31-Dec-17		As at 31-Dec-16	
	No. of shares	S\$'000	No. of shares	S\$'000
<b>Treasury shares</b>				
At 1 January	(2,347,500)	(1,264)	(752,100)	(489)
Add: purchase of own shares	(638,400)	(1,960)	(1,595,400)	(775)
Issue of treasury shares to management under Performance Share Plan	667,129	366	-	-
Share options exercised	452,000	310	-	-
Issue of shares related to business combination	600,000	376	-	-
<b>Treasury shares balance at end of period</b>	<b>(1,266,771)</b>	<b>(2,173)</b>	<b>(2,347,500)</b>	<b>(1,264)</b>

### 1(d)(iii). Share Options

Date of grant of options	Exercise price	Options outstanding at 1/1/2017	Bonus shares issue 18/4/2017	Options (exercised)/ granted	Options forfeited	Options outstanding at period end	Exercise Period
12-05-16	\$0.324*	326,954	150,977	(452,000)	(25,000)	931	13 May 2017 - 13 May 2027
27-02-17	\$0.787*	-	269,913	539,825	-	809,738	28 Feb 2018 - 28 Feb 2028
23-08-17	\$2.510	-	-	134,000	-	134,000	18 Aug 2018 - 18 Aug 2028
<b>Total</b>		<b>326,954</b>	<b>420,890</b>	<b>221,825</b>	<b>(25,000)</b>	<b>944,669</b>	

\*Exercise price was adjusted due to the Group issued 21,671,102 bonus shares on 18 April 2017.

As at 31 December 2017, the number of share options of the company outstanding was 944,669 (31 December 2016: 326,954). There were 452,000 options being exercised, 673,825 options being granted and 25,000 options forfeited in FY2017.

### 1(d)(iv). Treasury Shares

As at 31 December 2017, the treasury shares balance was 1,266,771 (31 December 2016: 2,347,500). The total number of issued ordinary shares excluding treasury shares at the end of the period was 65,516,960 (31 December 2016: 42,765,129).

## 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 the new and revised Financial Reporting Standards (FRSs) as mentioned in paragraph 5 below, there were no changes in accounting policies and methods of computation adopted in the financial statements for the current reporting period as compared to the most recent audited annual financial statements as at 31 December 2016.

## 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 reviewed the applicable new and revised Financial Reporting Standards (FRS) and the Interpretations of FRS that become effective for accounting periods beginning 1 January 2017. The adoption of these new and revised FRS not have a material impact to the Group financial statements.

## 6. Earnings Per Share

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

	Group		Group	
	4Q2017	4Q2016	FY2017	Restated** FY2016
(i) EPS based on weighted average number of ordinary shares in issue	14.79 cents	1.95 cents	48.39 cents	10.68 cents
Weighted average number of shares in issue	65,655,440 *	42,933,763	65,075,378 *	43,588,302
(ii) EPS based on a fully diluted basis	14.63 cents	1.94 cents	47.85 cents	10.63 cents
Weighted average number of shares adjusted for the effect of dilutive potential ordinary shares arising from the exercise of share options	66,385,164 *	43,142,476	65,805,102 *	43,797,015

\*The Group issued 21,671,102 bonus shares on 18 April 2017.

## 7. Net Asset Value Per Share

	Group		Company	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
Net asset value per share	88.2 cents*	70.7 cents	30.4 cents*	43.0 cents

\*The Group issued 21,671,102 bonus shares on 18 April 2017, resulting in a lower NAV per share at Company level.

Net asset value per share is calculated based on the existing issued share capital less treasury shares of 65,516,960 ordinary shares as at 31 December 2017 (31 December 2016: 42,765,129 shares).

## 8. Group Performance Review

*Analysis of Consolidated Income Statement*

	Quarterly Results			YTD Results		
	4Q2017 S\$'000	4Q2016 S\$'000	Change %	FY2017 S\$'000	Restated** FY2016 S\$'000	Change %
Equipment Systems (ESS)	57,514	18,258	215.0%	214,795	64,436	233.3%
Precision Components (PCS)	1,534	1,294	18.6%	6,827	5,687	20.0%
Overall	59,048	19,552	202.0%	221,622	70,123	216.0%

Consistent with prior announcements regarding the growth of our sales orders for delivery in 2017, the Group reported significantly higher revenue from its Equipment Systems ("ESS") business mainly due to higher equipment, pans and kits sales. Sales from ESS were 215.0% higher in 4Q2017, increasing from S\$18.3 million in 4Q2016 to S\$57.5 million in 4Q2017. This represented a 233.3% increase on a year to year basis, from S\$64.4 million in FY2016 to S\$214.8 million in FY2017.

Revenue from the Precision Components ("PCS") business were higher by 18.6% in 4Q2017, increasing from S\$1.3 million in 4Q2016 to S\$1.5 million in 4Q2017 and by 20.0% from S\$5.7 million in FY2016 to S\$6.8 million in FY2017 due to increase in demand from customers.

As a result of the above, the Group recorded a 202.0% increase in its total revenue for 4Q2017, which rose from S\$19.6 million in 4Q2016 to S\$59.0 million in 4Q2017 and a 216.0% increase from S\$70.1 million in FY2016 to S\$221.6 million in FY2017.

Raw materials and consumables cost, taking into consideration changes in inventories excluding allowance and reversal for inventory obsolescence, increased from S\$12.7 million in 4Q2016 to S\$37.2 million in 4Q2017, representing an increase of 193.7%, and from S\$44.6 million in FY2016 to S\$149.3 million in FY2017, representing an increase of 234.8%. The raw materials and other consumables cost increase in 4Q2017 was lower than revenue increase mainly due to favourable change in revenue and margin mix, favourable change in price from SGD to USD billing, and increase in engineering service revenue for new development projects. The raw materials and other consumables cost increase in FY2017 was higher than revenue increase mainly due to a shift in revenue mix towards sales of new equipment and pans which require higher material costs.

Depreciation increased by 12.3% from S\$162,000 in 4Q2016 to S\$182,000 in 4Q2017 and decreased by 8.0% from S\$665,000 in FY2016 to S\$612,000 in FY2017 mainly due to higher PPE carrying value in 4Q2017 and lower PPE carrying value for FY2017.

## **8(a). Group Performance Review (Cont'd)**

### Analysis of Consolidated Income Statement (Cont'd)

Amortisation of intangible assets was higher by 91.7%, increasing from S\$24,000 in 4Q2016 to S\$46,000 in 4Q2017 mainly due to acquisition of computer software and fair value increase in technology from the acquisition of an subsidiary, and was lower by 43.8% from S\$153,000 in FY2016 to S\$86,000 in FY2017 mainly due to lower carrying value of intangible assets.

Staff costs increased by 98.6% from S\$4.0 million in 4Q2016 to S\$7.9 million in 4Q2017 and by 86.8% from S\$13.6 million in FY2016 to S\$25.3 million in FY2017 mainly due to higher salary cost of S\$2.3 million in 4Q2017 and S\$5.6 million in FY2017 for additional headcount to cope with the increased sales orders from customers and higher bonus and equity settled share based compensation expenses of S\$1.6 million in 4Q2017 and S\$6.1 million in FY2017.

As a result of the above, profit before tax in 4Q2017 was S\$10.6 million compared to a profit before tax of S\$1.3 million in 4Q2016 and profit before tax in FY2017 was S\$36.8 million in FY2017 compared to a profit before tax of S\$6.1 million in FY2016. After taking into consideration tax expense of S\$906,000 in 4Q2017 and S\$5.4 million in FY2017, profit after tax was S\$9.7 million compared to S\$837,000 in 4Q2016 and was S\$31.5 million compared to S\$4.7 million in FY2016.

Net profit margin improved from 4.3% in 4Q2016 to 16.5% in 4Q2017 and from 6.6% in FY2016 to 14.2% in FY2017 mainly due to higher revenue and improvement in cost efficiency.

### Analysis of Statement of Financial Position

The increase in inventories was mainly due to increase in sales, business volume and inventory builds for fulfillment of sales orders over the next few quarters.

## **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 3Q2017 results announcement, we stated that we expect to achieve revenue and operating profit before tax for FY2017 of at least S\$215 million and S\$32 million respectively and our update to profit guidance dated 22 January 2018, we stated that we expect to achieve operating profit before tax for FY2017 to be between S\$35 million to S\$37 million.

The Group achieved sales of S\$221.6 million and profit before tax of S\$36.8 million in FY2017.

## **10. Business Outlook**

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

Business outlook remains positive as AEM continues progressing through the multi-year commercial rollout of its next-generation handler platforms. In addition, the global semiconductor market outlook continues to be positive for 2018. According to the World Semiconductor Trade Statistics (WSTS) forecasts, the overall market growth is expected to continue through 2018 and it is forecasted to grow by 7.0% in 2018 (source: <https://www.wsts.org/76/103/WSTS-Semiconductor-Market-Forecast-Autumn-2017>).

As a result of the above, the Group benefitted from growing sales of equipment, kits/ pans and engineering development projects which contributed to a strong FY2017 performance. With the strong sales orders, we expect to achieve revenue and operating profit before tax for FY2018 of at least S\$255 million and S\$42 million respectively.

On 1 February 2018 we announced the acquisition of Afore OY ("Afore"), a provider of micro electro mechanical systems ("MEMS") testing and handling solutions based in Finland. The acquisition of Afore will give AEM the access to the MEMS test equipment market, it is also a milestone in AEM's initiative to accelerate and diversify the Group's global growth.

## **11. Dividends**

### **(a) Current Financial Period Reported On**

Any dividend recommended for the current financial period reported on? Yes

Name of Dividend	Final
Dividend Type	Cash
Dividend Rate	6.5 cents per ordinary share
Tax Rate	Tax Exempt One-Tier

### **(b) Corresponding Period of the Immediately Preceding Financial Year**

Name of Dividend	Final
Dividend Type	Cash
Dividend Rate	1.3 cents per ordinary share
Tax Rate	Tax Exempt One-Tier

## **11. Dividends (Cont'd)**

### ***(c) Date Payable***

Payment will be made on 31 May 2018.

### ***(d) Books Closure Date***

NOTICE IS HEREBY GIVEN that, the Transfer Books and Register of Members of the Company will be closed on 23 May 2018 for the preparation of the proposed dividend. Duly completed and stamped transfers together with all relevant documents of or evidencing title received by the Company's Share Registrar, Intertrust Singapore Corporate Services Pte. Ltd., at 77 Robinson Road #13-00, Robinson 77, Singapore 068896, up to 5.00 p.m. on 22 May 2018 will be registered to determine shareholders' entitlements to the proposed dividend. Subject as aforesaid, persons whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on 22 May 2018 will be entitled to the proposed dividend.

### ***(e) Breakdown of Total Annual Dividend***

	Latest Full Year (2017)	Previous Full Year (2016)
	\$'000	\$'000
Interim	3,622	218
Final	4,378	556
<b>Total</b>	<b>8,000</b>	<b>774</b>

### ***(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*

Not applicable.

## **13. Interested Person Transactions**

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

No IPT mandate has been obtained.

## **14. Confirmation by the 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.

## 15. Business Segment Information

Segment information is presented based on the information reviewed by chief operating decision makers ("CODM") for performance assessment and resource allocation. The CODM assess the Group's financial performance using performance indicators which include revenue, EBITDA and net profit of the Group.

	Equipment Systems (ESS) S\$'000	Precision Components (PCS) S\$'000	Others S\$'000	Consolidated S\$'000
<b>2017</b>				
Revenue and expenses				
Total revenue from external customers	214,796	6,827	-	221,622
Inter-segment revenue	6,289	4,357	-	10,646
<b>Reportable segment revenue</b>	<b>221,084</b>	<b>11,184</b>	<b>-</b>	<b>232,268</b>
Depreciation and amortisation	(477)	(221)	-	(698)
Finance costs	(36)	(1)	-	(37)
Finance income	71	2	-	73
Tax expenses	(5,178)	(169)	-	(5,347)
Share of loss of equity-accounted investee	-	-	(105)	(105)
Profit/ (loss) for the year	31,030	1,258	(799)	31,489
Reportable segment assets	110,814	5,846	-	116,660
Reportable segment liabilities	55,076	3,774	-	58,850
<b>Other Segment Information</b>				
Equity-accounted investees	-	-	4,133	4,133
Expenditure for non-current assets	2,351	182	-	2,533
Other material non-cash items:				
Loss on liquidation of subsidiaries	-	-	(695)	(695)
Reversal of impairment made for stock obsolescence	692	-	-	692

	Equipment Systems (ESS) S\$'000	Precision Components (PCS) S\$'000	Plating (PLT) (Discontinued) S\$'000	Others S\$'000	Consolidated S\$'000
<b>2016</b>					
Revenue and expenses					
Total revenue from external customers	64,436	5,687	30	-	70,153
Inter-segment revenue	1,548	494	-	-	2,042
<b>Reportable segment revenue</b>	<b>65,984</b>	<b>6,181</b>	<b>30</b>	<b>-</b>	<b>72,195</b>
Depreciation and amortisation	(752)	(66)	(37)	-	(855)
Finance costs	(19)	(2)	-	-	(21)
Finance income	12	1	-	3	16
Tax expenses	(1,218)	(107)	-	-	(1,325)
Share of loss of equity-accounted investee	-	-	-	(449)	(449)
Profit/ (loss) for the year	5,870	(641)	(109)	(463)	4,657
Reportable segment assets	43,450	4,946	-	-	48,396
Reportable segment liabilities	16,125	2,043	-	-	18,168
<b>Other Segment Information</b>					
Equity-accounted investees	-	-	-	4,499	4,499
Expenditure for non-current assets	390	214	-	-	605
Other material non-cash items:					
Loss on disposal of subsidiaries	-	-	-	(448)	(448)
Reversal of impairment made for stock obsolescence	396	300	105	-	801
Reversal of impairment loss on property, plant and equipment	-	-	-	213	213

## **16. Review of Segmental Sales and Earnings**

Refer paragraph 8 for analysis of sales by business segments.

For the ESS business segment, the profit before tax of S\$36.2 million in FY2017 increased as compared to the profit before tax of S\$7.1 million in FY2016. The increase in the profit before tax was a result of the increase in demand for equipment and kits as well as a favourable change in margin mix.

For the PCS business, it recorded a profit before tax of S\$1.4 million in FY2017 compared to the net loss before tax of S\$534,000 in FY2016 mainly due to increase in sales for precision tools.

## **17. Breakdown of Half Yearly Sales and Profit**

	Group		
	FY2017 \$'000	Restated* FY2016 \$'000	Change* %
(a) Sales reported for first half year	104,461	29,302	256.5%
(b) Net profit for first half year	12,349	1,579	682.1%
(c) Sales reported for second half year	117,161	40,821	187.0%
(d) Net profit for second half year	19,140	3,078	521.8%

\*\*The Group sold its interest in AEM (Suzhou) Co. Ltd. (ASZ) in 1Q2016. Consequently, the comparative statement of profit or loss has been restated to show the discontinued operation separately from continuing operations

## **18. 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 issuer.

### **BY ORDER OF THE BOARD**

Loke Wai San  
Executive Chairman  
23 February 2018