

SGXNET Announcement



**AEM Holdings Ltd
(Registration No. 200006417D)
Unaudited Fourth Quarter and Full Year
Financial Statements and Dividend Announcement
For The Year Ended 31 December 2019**

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1. Financial Statements

1(a)(i). Consolidated Income Statement

	Note	Quarterly Results			YTD Results		
		4Q2019 S\$'000	4Q2018 S\$'000	Change* %	FY2019 S\$'000	FY2018 S\$'000	Change* %
Revenue		88,647	39,349	125.3%	323,130	262,325	23.2%
Other income		191	266	-28.2%	693	667	3.9%
Changes in inventories of finished goods and work-in-progress	A.2	7,730	2,204	250.7%	18,588	(7,150)	360.0%
Raw materials and other consumables	A.2	(52,593)	(24,976)	-110.6%	(210,949)	(166,072)	-27.0%
Staff costs		(17,213)	(7,296)	-135.9%	(47,423)	(32,521)	-45.8%
Depreciation expense		(1,110)	(300)	-270.0%	(4,428)	(1,158)	-282.4%
Amortisation of intangible assets		(421)	(38)	NM	(1,648)	(713)	-131.1%
Operating lease expenses		(603)	(989)	39.0%	(1,835)	(3,953)	53.6%
Legal and professional fees		(600)	(436)	-37.6%	(2,000)	(2,086)	4.1%
Sales and marketing expenses		(1,263)	(989)	-27.7%	(7,678)	(4,430)	-73.3%
Other expenses		(2,773)	(2,340)	-18.5%	(3,016)	(4,863)	38.0%
Finance expenses		(44)	(18)	-144.4%	(160)	(40)	-300.0%
Share of gain/ (loss) of equity-accounted investee		248	245	1.2%	461	(38)	1313.2%
Profit before taxation		20,196	4,682	331.4%	63,735	39,968	59.5%
Income tax expenses		(3,455)	(293)	NM	(10,972)	(6,475)	-69.5%
Profit for the period		16,741	4,389	281.4%	52,763	33,493	57.5%

Profit attributable to:

Owners of the Company		16,741	4,389	281.4%	52,763	33,493	57.5%
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* Increase/(Decrease) in Earnings
NM: Not Meaningful

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

Profit for the period		16,741	4,389	281.4%	52,763	33,493	57.5%
<u>Other comprehensive income</u>							
Foreign currency translation differences		(1,656)	(171)	-868.4%	(1,068)	1,379	-177.4%
Share of foreign currency translation difference of equity-accounted investee		(75)	3	NM	(42)	58	-172.4%
Other comprehensive (loss)/ gain for the period, net of tax		(1,731)	(168)	-930.4%	(1,110)	1,437	-177.2%
Total comprehensive income for the period		15,010	4,221	255.6%	51,653	34,930	47.9%

Total comprehensive income attributable to:

Owners of the Company		15,010	4,221	255.6%	51,653	34,930	47.9%
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* Increase/(Decrease) in Earnings
NM: Not Meaningful

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		
		4Q2019 S\$'000	4Q2018 S\$'000	Change* %	FY2019 S\$'000	FY2018 S\$'000	Change* %
Government grant income		25	154	-83.8%	181	349	-48.1%
Interest income		187	109	71.6%	516	300	72.0%
Exchange loss, net	A.1(a)	(283)	(138)	-105.1%	(45)	(1,941)	97.7%
Inventory obsolescence (allowance)/ reversal	A.1(b)	(267)	(226)	-18.1%	(311)	226	-237.6%
Remeasurement of contingent consideration	A.1(c)	(2,411)	(1,250)	-92.9%	(2,411)	(1,250)	-92.9%
Real property gain tax on Malacca property	A.1(d)	-	(562)	NM	-	(562)	NM

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

- A.1 (a)** Exchange loss in 4Q2019 and FY2019 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\$267,000 in 4Q2019 and S\$311,000 in FY2019 were made for slow-moving inventory.
- A.1 (c)** The remeasurement of contingent consideration recorded in both FY2019 and FY2018 was in relation to the acquisition of InspiRain Technologies Pte Ltd in FY2017.
- A.1 (d)** The real property gain tax recorded in 4Q2018 and FY2018 was due to the sale of Malacca factory in 2016.

A.2 Raw Material and Other Consumables

	Quarterly Results			YTD Results		
	4Q2019 S\$'000	4Q2018 S\$'000	Change* %	FY2019 S\$'000	FY2018 S\$'000	Change* %
Changes in inventories of finished goods and work-in-progress excluding reversal of allowance for inventory obsolescence	7,997	2,430	229.1%	18,899	(7,376)	356.2%
Raw materials and consumables cost	(52,593)	(24,976)	-110.6%	(210,949)	(166,072)	-27.0%
Material cost before allowance and reversal for inventory obsolescence	(44,596)	(22,546)	-97.8%	(192,050)	(173,448)	-10.7%
Inventory obsolescence (allowance)/ reversal	(267)	(226)	-18.1%	(311)	226	-237.6%
Total	(44,863)	(22,772)	-97.0%	(192,361)	(173,222)	-11.0%

* 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\$22.5 million in 4Q2018 to S\$44.6 million in 4Q2019, representing an increase of 97.8% and increased from S\$173.5 million in FY2018 to S\$192.1 million in FY2019, representing an increase of 10.7%.

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

	Note	Group		Company	
		31-Dec-19 S\$'000	31-Dec-18 S\$'000	31-Dec-19 S\$'000	31-Dec-18 S\$'000
Non-current assets					
Property, plant and equipment		6,272	5,725	31	21
Right of use assets	B.1	2,171	-	-	-
Intangible assets and goodwill		16,905	17,717	-	-
Subsidiaries		-	-	26,781	26,578
Associate		4,572	4,153	4,667	4,667
Deferred tax asset		54	57	19	-
		29,974	27,652	31,498	31,266
Current assets					
Inventories	B.2	57,479	27,433	-	-
Contract cost		-	788	-	-
Trade and other receivables	B.3	27,976	17,965	10,692	7,111
Contract assets		4,856	3,702	-	-
Cash and cash equivalents	B.4	107,676	58,890	7,862	950
		197,987	108,778	18,554	8,061
Total assets		227,961	136,430	50,052	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)	2,968	95	5,174	1,188
Accumulated gains/ (losses)	1(d)(i)	85,582	43,623	(10,092)	(13,678)
	1(d)(i)	134,336	89,504	40,868	33,296
Non-current liabilities					
Financial liabilities	1(b)(ii)	-	49	-	-
Lease liabilities	B.1	527	-	-	-
Trade and other payables		-	907	-	907
Deferred tax liabilities		1,823	1,878	-	-
Provisions		-	426	-	-
		2,350	3,260	-	907
Current liabilities					
Financial liabilities	1(b)(ii)	-	210	-	-
Lease liabilities	B.1	1,681	-	-	-
Trade and other payables	B.5	73,128	33,094	7,825	3,812
Contract liabilities		3,688	2,607	-	-
Current tax payable	B.6	11,607	7,284	1,359	1,312
Provisions		1,171	471	-	-
		91,275	43,666	9,184	5,124
Total liabilities		93,625	46,926	9,184	6,031
Total equity and liabilities		227,961	136,430	50,052	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 the underlying asset and the corresponding lease liability representing its obligation to make lease payments.
- B.2** The increase in inventories was mainly due to an increase in inventory builds for the fulfilment of sales orders.
- B.3** Trade and other receivables increased mainly due to the increased sales in 4Q2019 as compared to 4Q2018.
- B.4** In FY2019, the Group generated net cash from operating activities of S\$67.7 million and paid dividend of S\$10.5 million.
- B.5** The increase in trade and other payables was mainly due to increased material purchases and operating expenses as a result of the increase in sales orders to be fulfilled.
- B.6** The increase in current tax payable was mainly due to higher profits in FY2019.

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

	Group	Group	Group	Group
	31-Dec-19	31-Dec-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	-	-	156	-
- Finance lease liabilities	-	-	54	-
	-	-	210	-
<i>Amount repayable after one year</i>				
- Finance lease liabilities	-	-	49	-
	-	-	49	-
Total	-	-	259	-

1(c). Consolidated Cash Flow Statement

	Note	4Q2019 S\$'000	4Q2018 S\$'000	FY2019 S\$'000	FY2018 S\$'000
Profit for the period		16,741	4,389	52,763	33,493
Adjustments for:					
Depreciation and amortisation		1,531	338	6,076	1,871
Allowance/ (reversal) for inventory obsolescence		267	226	311	(226)
Loss on disposal of property, plant and equipment		-	18	-	18
Interest income		(187)	(109)	(516)	(300)
Interest expense		44	18	160	40
Share of (profit)/ loss from equity accounted investee, net of tax		(248)	(245)	(461)	38
Equity-settled transactions		4,094	1,236	4,837	1,236
Remeasurement of contingent consideration		2,411	1,250	2,411	1,250
Tax expense		3,455	293	10,972	6,475
Operating profit before working capital changes		28,108	7,414	76,553	43,895
Changes in:					
Inventories		(19,121)	1,405	(30,825)	10,713
Contract costs		1	(772)	785	(772)
Trade and other receivables		9,701	13,983	(10,300)	7,006
Contract assets		(1,742)	(3,647)	(1,292)	(3,647)
Trade and other payables		26,617	(2,871)	38,017	(19,147)
Contract liabilities		2,030	1,002	1,128	1,002
Provisions		48	(397)	256	197
Cash from operating activities		45,642	16,117	74,322	39,247
Tax recovered/ (paid)		673	1,343	(6,648)	(5,157)
Net cash from operating activities		46,315	17,460	67,674	34,090
Investing activities					
Acquisition of intangible assets		(55)	(775)	(873)	(1,868)
Interest received		187	109	516	300
Proceeds from disposal of property, plant and equipment		-	4	-	4
Purchase of property, plant and equipment		(1,398)	(43)	(2,435)	(2,858)
Payment of deferred consideration relating to acquisition of subsidiary		-	(500)	-	(500)
Acquisition of subsidiaries, net of cash acquired		-	-	-	(8,318)
Net cash used in investing activities		(1,266)	(1,205)	(2,792)	(13,240)
Financing activities					
Interest paid		(6)	(11)	(13)	(33)
Repayment of borrowings		-	-	(156)	-
Payment of lease liabilities		(777)	(92)	(2,881)	(263)
Repayment of finance lease liabilities		-	-	(103)	(8)
Repurchase of own shares		(174)	(80)	(1,688)	(1,176)
Proceeds from share options exercised		66	41	174	629
Dividends paid		-	-	(10,533)	(8,372)
Net cash used in financing activities		(891)	(142)	(15,200)	(9,223)
Net increase in cash and cash equivalents		44,158	16,113	49,682	11,627
Cash and cash equivalents at beginning of period		64,813	42,539	58,890	46,095
Effect of exchange rate changes on balances held in foreign currencies		(1,295)	238	(896)	1,168
Cash and cash equivalents at end of period		107,676	58,890	107,676	58,890

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

Group	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
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	45,741	(1,409)	2,508	936	(3,538)	26,769	71,007
Profit for the period	-	-	-	-	-	9,495	9,495
Foreign currency translation differences	-	-	-	-	1,430 *	-	1,430
Total comprehensive income for the period	-	-	-	-	1,430	9,495	10,925
Own shares acquired	-	(209)	-	-	-	-	(209)
Issue of shares pursuant to share plans	45	-	-	-	-	-	45
Dividend declared	-	-	-	-	-	(4,385)	(4,385)
Total transactions with owners for the period	45	(209)	-	-	-	(4,385)	(4,549)
As at 30 Jun 2018	45,786	(1,618)	2,508	936	(2,108)	31,879	77,383
Profit for the period	-	-	-	-	-	11,389	11,389
Foreign currency translation differences	-	-	-	-	1,030 *	-	1,030
Total comprehensive income for the period	-	-	-	-	1,030	11,389	12,419
Own shares acquired	-	(717)	-	-	-	-	(717)
Treasury shares reissued pursuant to share plans	-	50	-	9	-	-	59
Dividend declared	-	-	-	-	-	(4,039)	(4,039)
Total transactions with owners for the period	-	(667)	-	9	-	(4,039)	(4,697)
As at 30 Sep 2018	45,786	(2,285)	2,508	945	(1,078)	39,229	85,105
Profit for the period	-	-	-	-	-	4,391	4,391
Foreign currency translation differences	-	-	-	-	(168)*	-	(168)
Total comprehensive (loss)/ income for the period	-	-	-	-	(168)	4,391	4,223
Own shares acquired	-	(80)	-	-	-	-	(80)
Treasury shares reissued pursuant to share plans	-	34	14	(9)	-	-	39
Share-based payment transactions	-	-	-	1,236	-	-	1,236
Unclaimed dividend	-	-	-	-	-	3	3
Issue of shares related to business combination	-	-	(1,022)	-	-	-	(1,022)
Total transactions with owners for the period	-	(46)	(1,008)	1,227	-	3	176
As at 31 Dec 2018	45,786	(2,331)	1,500	2,172	(1,246)	43,623	89,504

* 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	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	-	-	-	-	-	(254)	(254)
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)	49,965	95,383
Profit for the period	-	-	-	-	-	15,708	15,708
Foreign currency translation differences	-	-	-	-	591 *	-	591
Total comprehensive income for the period	-	-	-	-	591	15,708	16,299
Own shares acquired	-	(1,022)	-	-	-	-	(1,022)
Treasury shares reissued on settlement of contingent consideration	-	43	183	-	-	-	226
Treasury shares reissued pursuant to share plans	-	122	58	(155)	-	-	25
Share-based payment transactions	-	-	-	246	-	-	246
Dividend declared	-	-	-	-	-	(5,142)	(5,142)
Total transactions with owners for the period	-	(857)	241	91	-	(5,142)	(5,667)
As at 30 Jun 2019	45,786	(2,248)	2,148	1,515	(1,717)	60,531	106,015
Profit for the period	-	-	-	-	-	13,718	13,718
Foreign currency translation differences	-	-	-	-	1,092 *	-	1,092
Total comprehensive income for the period	-	-	-	-	1,092	13,718	14,810
Own shares acquired	-	(326)	-	-	-	-	(326)
Share-based payment transactions	-	-	-	249	-	-	249
Dividend declared	-	-	-	-	-	(5,408)	(5,408)
Total transactions with owners for the period	-	(326)	-	249	-	(5,408)	(5,485)
As at 30 Sep 2019	45,786	(2,574)	2,148	1,764	(625)	68,841	115,340
Profit for the period	-	-	-	-	-	16,741	16,741
Foreign currency translation differences	-	-	-	-	(1,731)	-	(1,731)
Total comprehensive income for the period	-	-	-	-	(1,731)	16,741	15,010
Own shares acquired	-	(174)	-	-	-	-	(174)
Treasury shares reissued pursuant to share plans	-	116	-	(50)	-	-	66
Share-based payment transactions	-	-	-	4,094	-	-	4,094
Total transactions with owners for the period	-	(58)	-	4,044	-	-	3,986
As at 31 Dec 2019	45,786	(2,632)	2,148	5,808	(2,356)	85,582	134,336

* 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	45,741	(1,409)	2,347	936	(20,926)	26,689
Total comprehensive income	-	-	-	-	13,873	13,873
Own shares acquired	-	(209)	-	-	-	(209)
Issue of shares pursuant to share plans	45	-	-	-	-	45
Dividend declared	-	-	-	-	(4,385)	(4,385)
As at 30 Jun 2018	45,786	(1,618)	2,347	936	(11,438)	36,013
Total comprehensive income	-	-	-	-	2,445	2,445
Own shares acquired	-	(717)	-	-	-	(717)
Treasury shares reissued pursuant to share plans	-	50	-	9	-	59
Dividend declared	-	-	-	-	(4,046)	(4,046)
As at 30 Sep 2018	45,786	(2,285)	2,347	945	(13,039)	33,754
Total comprehensive loss	-	-	-	-	(642)	(642)
Own shares acquired	-	(80)	-	-	-	(80)
Treasury shares reissued pursuant to share plans	-	34	14	(9)	-	39
Share-based payment transactions	-	-	-	1,236	-	1,236
Unclaimed dividend	-	-	-	-	3	3
Issue of shares related to business combination	-	-	(1,014)	-	-	(1,014)
As at 31 Dec 2018	45,786	(2,331)	1,347	2,172	(13,678)	33,296

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 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
Total comprehensive income	-	-	-	-	2,612	2,612
Own shares acquired	-	(1,022)	-	-	-	(1,022)
Treasury shares reissued on settlement of contingent consideration	-	43	183	-	-	226
Treasury shares reissued pursuant to share plans	-	122	61	(155)	-	28
Share-based payment transactions	-	-	-	246	-	246
Dividend declared	-	-	-	-	(5,142)	(5,142)
As at 30 Jun 2019	45,786	(2,248)	1,998	1,515	(15,416)	31,635
Total comprehensive income	-	-	-	-	11,527	11,527
Own shares acquired	-	(326)	-	-	-	(326)
Share-based payment transactions	-	-	-	249	-	249
Dividend declared	-	-	-	-	(5,408)	(5,408)
As at 30 Sep 2019	45,786	(2,574)	1,998	1,764	(9,297)	37,677
Total comprehensive income	-	-	-	-	(795)	(795)
Own shares acquired	-	(174)	-	-	-	(174)
Treasury shares reissued pursuant to share plans	-	116	-	(50)	-	66
Share-based payment transactions	-	-	-	4,094	-	4,094
As at 31 Dec 2019	45,786	(2,632)	1,998	5,808	(10,092)	40,868

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

	As at 31-Dec-19		As at 31-Dec-18	
	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
Bonus shares issue*	-	-	204,980,865	-
Exercise of share options	-	-	675,669	531
Issue of shares related to business combination	-	-	867,555	5,518
Total issued shares	273,307,820	45,786	273,307,820	45,786
Less treasury shares balance	(3,541,418)	(2,632)	(4,261,084)	(2,331)
Total issued shares less treasury shares reserve at end of period	269,766,402	43,154	269,046,736	43,455

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

	As at 31-Dec-19		As at 31-Dec-18	
	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)
Bonus shares issue*	-	-	(2,375,313)	-
Own shares acquired	(1,700,000)	(1,688)	(1,300,000)	(1,176)
Treasury shares reissued pursuant to Performance Share Plan	1,286,666	720	525,000	934
Treasury shares reissued on settlement of contingent consideration	800,000	450	-	-
Exercise of share options	333,000	217	156,000	84
Treasury shares balance at end of period	(3,541,418)	(2,632)	(4,261,084)	(2,331)

*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 31 Dec 2019	Exercise Period
27 February 2017	\$0.196*	540,000	-	(81,000)	-	459,000	28 Feb 2018 - 26 Feb 2027
23 August 2017	\$0.627*	380,000	-	(252,000)	-	128,000	24 Aug 2018 - 22 Aug 2027
15 January 2019	\$0.890	-	3,414,638	-	-	3,414,638	16 Jan 2020 - 14 Jan 2029
7 October 2019	\$1.142	-	2,674,667	-	-	2,674,667	8 Oct 2020 - 6 Oct 2029
7 October 2019	\$1.142	-	1,274,667	-	-	1,274,667	8 Oct 2021 - 6 Oct 2029
7 October 2019	\$1.142	-	1,274,666	-	-	1,274,666	8 Oct 2022 - 6 Oct 2029
Total		920,000	8,638,638	(333,000)	-	9,225,638	

*Exercise price was adjusted due to bonus shares issue.

As at 31 December 2019, the number of share options of the company outstanding was 9,225,638 (31 December 2018: 920,000). There were 333,000 options being exercised in FY2019 (FY2018: 831,669).

1(d)(iv). Treasury Shares

As at 31 December 2019, the treasury shares balance was 3,541,418 (31 December 2018: 4,261,084). The total number of issued ordinary shares excluding treasury shares at the end of the period was 269,766,402 (31 December 2018: 269,046,736).

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 modifications or emphasis of matter)

Not applicable.

Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion

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\$4,262,000, lease liabilities of S\$4,517,000, and a decrease in accumulated profits of S\$254,000. 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		Group	
	4Q2019	4Q2018	FY2019	FY2018
(i) a) EPS based on weighted average number of ordinary shares in issue	6.21 cents	1.62 cents	19.54 cents	12.31 cents
Weighted average number of shares in issue	269,732,967	271,506,614	270,029,505	272,020,216
(ii) a) EPS based on a fully diluted basis	6.21 cents	1.61 cents	19.35 cents	12.21 cents
Weighted average number of shares adjusted for the effect of dilutive potential ordinary shares	269,732,967	272,490,614	272,677,311	274,227,134

7. Net Asset Value Per Share

	Group		Company	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
Net asset value per share	49.8 cents	33.3 cents	15.1 cents	12.4 cents

Net asset value per share is calculated based on the existing issued share capital less treasury shares of 269,766,402 ordinary shares as at 31 December 2019 (31 December 2018: 269,046,736).

8. Group Performance Review

Analysis of Consolidated Income Statement

	Quarterly Results			YTD Results		
	4Q2019 S\$'000	4Q2018 S\$'000	Change %	FY2019 S\$'000	FY2018 S\$'000	Change %
Equipment Systems Solutions ("ESS")	83,088	35,821	132.0%	307,932	251,876	22.3%
System Level Test & Inspection ("SLT-i")	849	497	70.8%	4,889	2,554	91.4%
Micro-Electro-Mechanical Systems ("MEMS")	3,938	2,648	48.7%	7,394	6,916	6.9%
Test and Measurement Solutions ("TMS")	772	383	101.6%	2,915	979	197.8%
Total	88,647	39,349	125.3%	323,130	262,325	23.2%

Revenue from ESS increased 132.0% from S\$35.8 million in 4Q2018 to S\$83.1 million in 4Q2019 and increased 22.3% from S\$251.9 million in FY2018 to S\$307.9 million in FY2019 mainly due to an increase in sales for all product lines and consumables.

Revenue from SLT-i increased 70.8% from S\$497,000 in 4Q2018 to S\$849,000 in 4Q2019 and increased 91.4% from S\$2.6 million in FY2018 to S\$4.9 million in FY2019 mainly due to an increase in orders from existing customers.

Revenue from MEMS increased 48.7% from S\$2.6 million in 4Q2018 to S\$3.9 million in 4Q2019 and increased 6.9% from S\$6.9 million in FY2018 to S\$7.4 million in FY2019 due to an increase in orders from new and existing customers.

Revenue from TMS increased 101.6% from S\$383,000 in 4Q2018 to S\$772,000 in 4Q2019 and increased 197.8% from S\$979,000 in FY2018 to S\$2.9 million in FY2019 mainly due to an increase in orders from new and existing customers.

As a result of the above, the Group recorded a 125.3% increase in its total revenue from S\$39.3 million in 4Q2018 to S\$88.6 million in 4Q2019 and a 23.2% increase from S\$262.3 million in FY2018 to S\$323.1 million in FY2019.

Raw materials and consumables cost, taking into consideration changes in inventories excluding allowance and reversal for inventory obsolescence, increased from S\$22.5 million in 4Q2018 to S\$44.6 million in 4Q2019, representing an increase of 97.8% and increased from S\$173.5 million in FY2018 to S\$192.1 million in FY2019, representing an increase of 10.7%.

Depreciation expense increased from S\$300,000 in 4Q2018 to S\$1.1 million in 4Q2019 and increased from S\$1.2 million in FY2018 to S\$4.4 million in FY2019 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 4Q2019 and FY2019 compared to 4Q2018 and FY2018 were lower mainly due to lower rental expenses upon the recognition of the ROU assets.

Amortisation of intangible assets increased from S\$38,000 in 4Q2018 to S\$421,000 in 4Q2019 mainly due to adjustment from the finalisation of the purchase price allocation exercise in 4Q2018 for the acquisition of Afore Oy. Amortisation of intangible assets increased from S\$713,000 in FY2018 to S\$1.6 million in FY2019 due to the higher carrying value of intangible assets arising mainly from the acquisition of Afore Oy and IRIS Solution Pte Ltd in 2018.

Staff costs increased 135.9% in 4Q2019 as compared to 4Q2018 and increased 45.8% in FY2019 as compared to FY2018 due to higher bonus provision, share plans expenses and additional headcount for business development and engineering projects.

Legal and professional fees increased 37.6% from S\$436,000 in 4Q2018 to S\$600,000 in 4Q2019 mainly due to higher M&A expenses and decreased 4.1% from S\$2.1 million in FY2018 to S\$2.0 million in FY2019.

Sales and marketing expenses increased 27.7% from S\$989,000 in 4Q2018 to S\$1.3 million in 4Q2019 and increased 73.3% from S\$4.4 million in FY2018 to S\$7.7 million in FY2019 mainly due to higher warranty, exhibition, travelling, packing and other marketing expenses.

Other expenses increased 18.5% from S\$2.3 million in 4Q2018 to S\$2.8 million in 4Q2019 mainly due to remeasurement of contingent consideration in relation to the acquisition of InspiRain Technologies Pte Ltd. This was offset by a real property gain tax that was recorded in 4Q2018. Other expenses decreased 38.0% from S\$4.9 million in FY2018 to S\$3.0 million in FY2019 mainly due to foreign exchange loss incurred in FY2018.

After taking into consideration the above and tax expenses of S\$3.5 million in 4Q2019 and S\$11.0 million in FY2019, profit after tax increased 281.4% from S\$4.4 million in 4Q2018 to S\$16.7 million in 4Q2019 and increased 57.5% from S\$33.5 million in FY2018 to S\$52.8 million in FY2019.

8. Group Performance Review (Cont'd)

Analysis of Statement of Financial Position

Trade and other receivables increased mainly due to the increased sales in 4Q2019 as compared to 4Q2018.

In FY2019, the Group generated net cash from operating activities of S\$67.7 million and paid dividend of S\$10.5 million. The Group ended the year with net cash and cash equivalents of S\$107.7 million.

The increase in trade and other payables was mainly due to increased material purchases and operating expenses 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 unaudited third quarter and nine months financial statements announcement dated 1 November 2019, we stated that we expect to achieve revenue between S\$305 million to S\$315 million in FY2019 and incur capital expenditure of between S\$3 million to S\$4 million for FY2019.

The Group achieved revenue of S\$323.1 million in FY2019 and recorded capital expenditure of S\$3.3 million in FY2019.

10. Business Outlook

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

According to Gartner Inc, global semiconductor demand is expected to recover strongly in 2020 to US\$471 billion, representing a 12.5% growth over 2019. On the technology front, the complexity and shrinking nodes resulting from semiconductor technology advancement for mission-critical applications in 5G, EV and AI present unique test cost challenges for the industry. As such, the industry has become increasingly aware of the significance and benefits of system level testing. Our forward-looking initiatives in developing cost-effective and highly-efficient testing solutions have placed AEM in an advantageous position to tap on the growth of system level testing from wafer level to package level, panels and interconnects.

The Group has also been working with various potential customers on its AMPS (Asynchronous Modular Parallel Smart) platform, MEMS Testing Solutions (Afore) and TMS services, in an effort to grow its customer base. The TMS division has completed the development project on optical fiber cable-test equipment for 5G backhaul networks. It is currently working with several customers on initial orders. The SLT-i division has successfully installed initial commercial systems for a memory manufacturer. The Group remains positive in the outlook of these business segments.

In December 2019, AEM signed a Share Purchase Agreement ("SPA") for the acquisition of 100% shareholding in Mu-TEST. Mu-TEST is a French company that provides full test solutions for medium and high-end integrated circuits, and is a pioneer in offering disruptive low-cost testers based on Field Programmable Gate Arrays (FPGA). This capability is highly complementary to AEM's AMPS offering to deliver complete System Level Test solutions for the semiconductor and electronics industries. The acquisition is expected to be completed in March 2020.

As at 25 February 2020, the Group has received sales orders worth S\$338 million for delivery in FY2020. With the sales orders received, the Group is revising its FY2020 revenue guidance upwards to be between S\$360 million to S\$380 million, and capital expenditure is expected to remain at about S\$4 million to support engineering and business development needs for new customer programs.

Since January 2020, the spread of the coronavirus has started to cause some disruptions to many industries and dampened the economic outlook. The overall implication to the global economy and the semiconductor industry is not clear yet. The Group will monitor the situation closely and work closely with its customers and suppliers to navigate through any disruption.

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	3.1 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	1.9 cents per ordinary share
Tax Rate	Tax Exempt One-Tier

(c) Date Payable

Payment will be made on 29 May 2020.

(d) Record Date

NOTICE IS HEREBY GIVEN that, the Transfer Books and Register of Members of the Company will be closed on 15 May 2020 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, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, up to 5.00 p.m. on 15 May 2020 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 15 May 2020 will be entitled to the proposed dividend.

(e) Breakdown of Total Annual Dividend

	Latest Full Year (2019)	Previous Full Year (2018)
	S\$'000	S\$'000
Interim	5,408	4,036
Final	8,363	5,142
Total	13,771	9,178

(f) 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 (IPT)

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

No IPT mandate has been obtained.

Name of interested person	Note	Aggregate value of all IPT during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	
		FY2019	FY2018
Novo Tellus Capital Partners Pte Ltd ("Novo Tellus")	1	233,000	353,000

Note 1: Novo Tellus is a company controlled by Mr. Loke Wai San, the Executive Chairman of the Company and Mr. James Toh Ban Leng, a Director of the Company.

The IPT of S\$233,000 for FY2019 comprised professional fee of S\$160,000 paid by the Company to Novo Tellus for advisory services in upgrading of software capabilities, merger and acquisition activities of the Group and the Group's share of the consultancy service fee of S\$73,000 paid by the Company's associated company, Novoflex Pte Ltd. to Novo Tellus.

The IPT of S\$353,000 for FY2018 comprised professional fee of S\$280,000 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 service fee of S\$73,000 paid by the Company's associated company, Novoflex Pte Ltd. to Novo Tellus.

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 Solutions ("ESS") S\$'000	System Level Test & Inspection ("SLT-i") S\$'000	Micro-Electro- Mechanical Systems ("MEMS") S\$'000	Test and Measurement Solutions ("TMS") S\$'000	Others S\$'000	Consolidated S\$'000
2019						
Revenue	307,932	4,889	7,394	2,915	-	323,130
Depreciation and amortisation	(4,700)	(273)	(913)	(190)	-	(6,076)
Finance income	515	1	-	-	-	516
Finance costs	(147)	-	(13)	-	-	(160)
Exchange gain/ (loss), net	69	5	(119)	-	-	(45)
Remeasurement of contingent consideration	-	-	-	-	(2,411)	(2,411)
Tax (expenses)/ credit	(11,242)	(399)	200	469	-	(10,972)
Share of gain of equity-accounted investee	-	-	-	-	461	461
Profit/ (loss) for the year	57,305	467	(843)	(2,216)	(1,950)	52,763
Reportable segment assets	191,325	4,346	9,266	2,449	20,575	227,961
Reportable segment liabilities	81,413	2,123	7,503	554	2,032	93,625
Other Segment Information						
Amortisation from uplift of assets and deferred tax credit relating to purchase price allocation	-	(82)	(541)	(101)	-	(724)
Equity-accounted investees	-	-	-	-	4,572	4,572
Expenditure for non-current assets	2,430	24	836	18	-	3,308
Other material non-cash items:	-	-	-	-	-	-
Allowance made for stock obsolescence	(311)	-	-	-	-	(311)
2018						
Revenue	251,876	2,554	6,916	979	-	262,325
Depreciation and amortisation	(1,357)	(52)	(322)	(140)	-	(1,871)
Finance income	297	3	-	-	-	300
Finance costs	(19)	-	(21)	-	-	(40)
Exchange loss, net	(1,899)	(10)	(32)	-	-	(1,941)
Remeasurement of contingent consideration	-	-	-	-	(1,250)	(1,250)
Tax (expenses)/ credit	(6,891)	167	(20)	269	-	(6,475)
Share of loss of equity-accounted investee	-	-	-	-	(38)	(38)
Profit/ (loss) for the year	36,301	(614)	340	(1,246)	(1,288)	33,493
Reportable segment assets	104,561	4,029	6,862	994	19,984	136,430
Reportable segment liabilities	39,125	888	4,525	195	2,193	46,926
Other Segment Information						
Amortisation from uplift of assets and deferred tax credit relating to purchase price allocation	-	(3)	(142)	(105)	-	(250)
Equity-accounted investees	-	-	-	-	4,153	4,153
Expenditure for non-current assets	4,305	341	-	80	-	4,726
Other material non-cash items:						
Reversal of allowance made for stock obsolescence	226	-	-	-	-	226

16. Review of Segmental Sales and Earnings

Refer paragraph 8 for analysis of sales by business segments.

Profit for ESS business segment increased 57.9% from S\$36.3 million in FY2018 to S\$57.3 million in FY2019 mainly due to the increase in sales for equipment, consumables and engineering projects and favourable change in product mix. SLT-i business segment recorded profit of S\$467,000 in FY2019 compared to a loss of S\$614,000 in FY2018 mainly due to the increase in sales of S\$2.3 million. Both MEMS and TMS business segments booked in higher sales comparing FY2019 and FY2018 but recorded a loss in FY2019 mainly due to increase in amortisation cost, staff cost, sales, marketing, research and development expenses.

17. Breakdown of Full Yearly Sales and Profit

	Group		
	FY2019 S\$'000	FY2018 S\$'000	Change* %
(a) Sales reported for first half year	150,635	138,308	8.9%
(b) Operating profit after tax for first half year	22,028	17,811	23.7%
(c) Sales reported for second half year	172,495	124,017	39.1%
(d) Operating profit after tax for second half year	29,918	15,460	93.5%

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(13). 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
25 February 2020