



**AEM HOLDINGS LTD.**  
Incorporated in the Republic of Singapore  
(REGISTRATION NO. 200006417D)

AEM Holdings Ltd. and its Subsidiaries

Unaudited Condensed Interim Financial Statements  
For the six months ended 30 June 2023

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**AEM HOLDINGS LTD.**  
**(REGISTRATION NO. 200006417D)**

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**Condensed interim financial statements for the six months ended 30 June 2023**

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**These statements for the six months ended 30 June 2023 have not been audited.**

**A. Condensed interim consolidated statement of profit or loss and other comprehensive income**

		<b>6 months ended 30 June 2023 ("1H2023") S\$'000</b>	<b>6 months ended 30 June 2022 ("1H2022") S\$'000</b>	<b>Change* %</b>
<b>Revenue</b>	Note 4	<b>275,221</b>	<b>540,483</b>	<b>(49%)</b>
Cost of sales		(192,183)	(374,230)	(49%)
<b>Gross profit</b>		<b>83,038</b>	<b>166,253</b>	<b>(50%)</b>
Other income		1,506	3,057	(51%)
Research & development expenses		(15,215)	(15,762)	(3%)
Selling, general & administrative expenses		(42,437)	(53,601)	(21%)
Foreign exchange (loss)/gain, net		(1,297)	3,111	NM
Other expenses		(33)	(4)	NM
<b>Results from operating activities</b>		<b>25,562</b>	<b>103,054</b>	<b>(75%)</b>
Finance income		829	305	172%
Finance costs		(3,652)	(857)	326%
<b>Net finance costs</b>		<b>(2,823)</b>	<b>(552)</b>	<b>411%</b>
Share of equity-accounted investees' gain/(loss), net of tax		1,114	(463)	NM
<b>Profit before tax</b>	6	<b>23,853</b>	<b>102,039</b>	<b>(77%)</b>
Tax expense	7	(4,138)	(18,978)	(78%)
<b>Profit for the period</b>		<b>19,715</b>	<b>83,061</b>	<b>(76%)</b>
<b>Profit attributable to:</b>				
Owners of the Company		19,657	82,832	(76%)
Non-controlling interests		58	229	(75%)
<b>Profit for the period</b>		<b>19,715</b>	<b>83,061</b>	<b>(76%)</b>
<b>Earnings per share for profit for the period attributable to the owners of the Company:</b>				
Basic (SGD in cent)	8	6.37	26.78	(76%)
Diluted (SGD in cent)	8	6.33	26.57	(76%)

Note:

\*Increase/(decrease)

NM: Not meaningful

**A. Condensed interim consolidated statement of profit or loss and other comprehensive income (cont'd)**

	<b>6 months ended 30 June 2023 ("1H2023") S\$'000</b>	<b>6 months ended 30 June 2022 ("1H2022") S\$'000</b>	<b>Change* %</b>
<b>Note</b>			
<b>Other comprehensive (loss)/income</b>			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation difference	(2,152)	1,400	NM
Share of foreign currency translation difference of equity-accounted investees	29	(328)	NM
Other comprehensive (loss)/income for the period, net of tax	<u>(2,123)</u>	<u>1,072</u>	NM
<b>Total comprehensive income for the period</b>	<b><u>17,592</u></b>	<b><u>84,133</u></b>	<b>(79%)</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	17,524	83,908	(79%)
Non-controlling Interests	68	225	(70%)
<b>Total comprehensive income for the period</b>	<b><u>17,592</u></b>	<b><u>84,133</u></b>	<b>(79%)</b>

Note:

\* Increase/(decrease)

NM: Not meaningful

## B. Condensed interim statements of financial position

	Note	Group		Company	
		30 June	31 December	30 June	31 December
		2023	2022	2023	2022
		S\$'000	S\$'000	S\$'000	S\$'000
<b>Assets</b>					
Property, plant and equipment	12	40,985	40,046	10	13
Investment properties		1,739	1,817	–	–
Right-of-use assets		38,811	35,056	–	–
Intangible assets	11	119,645	115,853	89	114
Interests in subsidiaries		–	–	83,524	82,468
Investment in associates		16,242	15,150	4,667	4,667
Other investment		6,025	6,059	–	–
Deferred tax assets		1,356	1,050	19	19
<b>Non-current assets</b>		<b>224,803</b>	<b>215,031</b>	<b>88,309</b>	<b>87,281</b>
Inventories	13	365,709	367,723	–	–
Contract cost		–	222	–	–
Trade and other receivables		114,897	92,917	66,124	49,408
Contract assets		1,438	1,928	–	–
Cash and cash equivalents		92,829	127,775	37,952	64,274
<b>Current assets</b>		<b>574,873</b>	<b>590,565</b>	<b>104,076</b>	<b>113,682</b>
<b>Total assets</b>		<b>799,676</b>	<b>805,596</b>	<b>192,385</b>	<b>200,963</b>
<b>Equity</b>					
Share capital	15	187,548	187,464	187,548	187,464
Reserves		(30,932)	(27,418)	(8,642)	(8,260)
Accumulated profits		333,567	325,002	4,124	10,087
<b>Equity attributable to owners of the Company</b>		<b>490,183</b>	<b>485,048</b>	<b>183,030</b>	<b>189,291</b>
Non-controlling interests		6,902	8,402	–	–
<b>Total equity</b>		<b>497,085</b>	<b>493,450</b>	<b>183,030</b>	<b>189,291</b>
<b>Liabilities</b>					
Financial liabilities	14	109,302	129,650	–	–
Trade and other payables		611	5	–	–
Deferred tax liabilities		10,782	11,394	–	–
Provisions		2,559	1,697	–	–
Defined benefit obligations		1,290	1,204	–	–
<b>Non-current liabilities</b>		<b>124,544</b>	<b>143,950</b>	<b>–</b>	<b>–</b>
Financial liabilities	14	35,329	13,655	–	–
Trade and other payables		116,146	118,929	7,580	9,091
Contract liabilities		7,936	6,644	–	–
Current tax payable		16,361	26,678	1,775	2,581
Provisions		2,275	2,290	–	–
<b>Current liabilities</b>		<b>178,047</b>	<b>168,196</b>	<b>9,355</b>	<b>11,672</b>
<b>Total liabilities</b>		<b>302,591</b>	<b>312,146</b>	<b>9,355</b>	<b>11,672</b>
<b>Total equity and liabilities</b>		<b>799,676</b>	<b>805,596</b>	<b>192,385</b>	<b>200,963</b>

### C. Condensed interim statements of changes in equity

		Attributable to owners of the Company								
	Note	Share capital S\$'000	Reserve for own shares S\$'000	Other reserves S\$'000	Share compensation reserve S\$'000	Currency translation reserve S\$'000	Accumulated profits S\$'000	Total S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
<b>Group</b>										
<b>At 1 January 2022</b>		187,197	(5,668)	(9,623)	2,222	(6,044)	234,430	402,514	-	402,514
<b>Total comprehensive income for the period</b>										
Profit for the period		-	-	-	-	-	82,832	82,832	229	83,061
<b>Other comprehensive income/(loss)</b>										
Foreign currency translation difference		-	-	-	-	1,404	-	1,404	(4)	1,400
Share of foreign currency translation difference of equity-accounted investee		-	-	-	-	(328)	-	(328)	-	(328)
<b>Total comprehensive income for the period</b>		-	-	-	-	1,076	82,832	83,908	225	84,133
<b>Transactions with owners, recognised directly in equity</b>										
<b>Contributions by and distributions to owners of the Company</b>										
Own shares acquired	15	-	(3,128)	-	-	-	-	(3,128)	-	(3,128)
Treasury shares reissued pursuant to share plans	15	-	289	49	(338)	-	-	-	-	-
Share options exercised	15	51	-	-	-	-	-	51	-	51
Share-based payment transactions		-	-	-	1,196	-	-	1,196	-	1,196
Final dividend of 5.0 cents per share in respect of 2021	9	-	-	-	-	-	(15,455)	(15,455)	-	(15,455)
<b>Total contributions by and distributions to owners of the Company</b>		51	(2,839)	49	858	-	(15,455)	(17,336)	-	(17,336)
<b>Changes in ownership interests in a subsidiary</b>										
Acquisition of subsidiary with non-controlling interests		-	-	-	-	-	-	-	5,809	5,809
<b>Total changes in ownership interests in a subsidiary</b>		-	-	-	-	-	-	-	5,809	5,809
<b>Total transaction with owners</b>		51	(2,839)	49	858	-	(15,455)	(17,336)	5,809	(11,527)
<b>At 30 June 2022</b>		187,248	(8,507)	(9,574)	3,080	(4,968)	301,807	469,086	6,034	475,120

### C. Condensed interim statements of changes in equity (cont'd)

		Attributable to owners of the Company								
		Share capital	Reserve for own shares	Other reserves	Share compensation reserve	Currency translation reserve	Accumulated profits	Total	Non-controlling interests	Total equity
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group	Note									
<b>At 1 January 2023</b>		<b>187,464</b>	<b>(10,477)</b>	<b>(9,421)</b>	<b>3,773</b>	<b>(11,293)</b>	<b>325,002</b>	<b>485,048</b>	<b>8,402</b>	<b>493,450</b>
<b>Total comprehensive income for the period</b>										
Profit for the period		-	-	-	-	-	19,657	19,657	58	19,715
<b>Other comprehensive income/(loss)</b>										
Foreign currency translation difference		-	-	-	-	(2,162)	-	(2,162)	10	(2,152)
Share of foreign currency translation difference of equity-accounted investee		-	-	-	-	29	-	29	-	29
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,133)</b>	<b>19,657</b>	<b>17,524</b>	<b>68</b>	<b>17,592</b>
<b>Transactions with owners, recognised directly in equity</b>										
<b>Contributions by and distributions to owners of the Company</b>										
Own shares acquired	15	-	(996)	-	-	-	-	(996)	-	(996)
Treasury shares reissued pursuant to share plans	15	-	1,382	145	(1,527)	-	-	-	-	-
Share options exercised	15	84	-	-	-	-	-	84	-	84
Share-based payment transactions		-	-	-	614	-	-	614	-	614
Final dividend of 3.6 cents per share in respect of 2022	9	-	-	-	-	-	(11,120)	(11,120)	-	(11,120)
Appropriation to other reserves		-	-	48	-	-	(48)	-	-	-
<b>Total contributions by and distributions to owners of the Company</b>		<b>84</b>	<b>386</b>	<b>193</b>	<b>(913)</b>	<b>-</b>	<b>(11,168)</b>	<b>(11,418)</b>	<b>-</b>	<b>(11,418)</b>
<b>Changes in ownership interests in a subsidiary</b>										
Acquisition of non-controlling interests without a change in control	16	-	-	(1,102)	-	55	76	(971)	(1,568)	(2,539)
<b>Total changes in ownership interests in a subsidiary</b>		<b>-</b>	<b>-</b>	<b>(1,102)</b>	<b>-</b>	<b>55</b>	<b>76</b>	<b>(971)</b>	<b>(1,568)</b>	<b>(2,539)</b>
<b>Total transactions with owners</b>		<b>84</b>	<b>386</b>	<b>(909)</b>	<b>(913)</b>	<b>55</b>	<b>(11,092)</b>	<b>(12,389)</b>	<b>(1,568)</b>	<b>(13,957)</b>
<b>At 30 June 2023</b>		<b>187,548</b>	<b>(10,091)</b>	<b>(10,330)</b>	<b>2,860</b>	<b>(13,371)</b>	<b>333,567</b>	<b>490,183</b>	<b>6,902</b>	<b>497,085</b>

### C. Condensed interim statements of changes in equity (cont'd)

	Share capital	Reserve for own shares	Other reserves	Share compensation reserve	Accumulated (losses)/ profits	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Company</b>						
<b>At 1 January 2022</b>	<b>187,197</b>	<b>(5,668)</b>	<b>(1,700)</b>	<b>2,222</b>	<b>2,375</b>	<b>184,426</b>
<b>Total comprehensive income for the period</b>	-	-	-	-	<b>22,358</b>	<b>22,358</b>
<b>Transactions with owners, recognised directly in equity</b>						
<b>Contributions by and distributions to owners of the Company</b>						
Own shares acquired	15	(3,128)	-	-	-	(3,128)
Treasury shares reissued pursuant to share plans	15	289	49	(338)	-	-
Share options exercised	15	-	-	-	-	51
Share-based payment transactions	-	-	-	1,196	-	1,196
Final dividend of 5.0 cents per share in respect of 2021	9	-	-	-	(15,455)	(15,455)
<b>Total transactions with owners</b>	<b>51</b>	<b>(2,839)</b>	<b>49</b>	<b>858</b>	<b>(15,455)</b>	<b>(17,336)</b>
<b>At 30 June 2022</b>	<b>187,248</b>	<b>(8,507)</b>	<b>(1,651)</b>	<b>3,080</b>	<b>9,278</b>	<b>189,448</b>
<b>At 1 January 2023</b>	<b>187,464</b>	<b>(10,477)</b>	<b>(1,556)</b>	<b>3,773</b>	<b>10,087</b>	<b>189,291</b>
<b>Total comprehensive income for the period</b>	-	-	-	-	<b>5,157</b>	<b>5,157</b>
<b>Transactions with owners, recognised directly in equity</b>						
<b>Contributions by and distributions to owners of the Company</b>						
Own shares acquired	15	(996)	-	-	-	(996)
Treasury shares reissued pursuant to share plans	15	1,382	145	(1,527)	-	-
Share options exercised	15	-	-	-	-	84
Share-based payment transactions	-	-	-	614	-	614
Final dividend of 3.6 cents per share in respect of 2022	9	-	-	-	(11,120)	(11,120)
<b>Total transactions with owners</b>	<b>84</b>	<b>386</b>	<b>145</b>	<b>(913)</b>	<b>(11,120)</b>	<b>(11,418)</b>
<b>At 30 June 2023</b>	<b>187,548</b>	<b>(10,091)</b>	<b>(1,411)</b>	<b>2,860</b>	<b>4,124</b>	<b>183,030</b>



## D. Condensed interim consolidated statement of cash flows

		6 months ended 30 June 2023 ("1H2023") S\$'000	6 months ended 30 June 2022 ("1H2022") S\$'000
	<b>Note</b>		
<b>Cash flows from operating activities</b>			
Profit for the period		19,715	83,061
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment		3,368	4,023
Depreciation of investment properties		78	-
Depreciation of right-of-use assets		5,695	4,478
Amortisation of intangible assets	11	4,074	2,287
Allowance for stock obsolescence	13	24	102
Loss/(Gain) on disposal of property, plant and equipment	6	32	(12)
Net finance expense		2,823	552
Foreign exchange differences arising from translation		(299)	(1,224)
Provision for defined benefit obligations		86	124
Share of equity-accounted investees' (gain)/loss, net of tax		(1,114)	463
Equity-settled share-based payment expenses		614	1,196
Fair value gain on other investment	6	-	(1,933)
Tax expense	7	4,138	18,978
		<u>39,234</u>	<u>112,095</u>
<i>Changes in:</i>			
Inventories		(1,323)	(71,201)
Contract costs		220	149
Trade and other receivables		(22,051)	(23,464)
Contract assets		517	175
Trade and other payables		(43)	26,332
Contract liabilities		1,251	(7,186)
Provisions		861	26
Cash from operating activities		<u>18,666</u>	<u>36,926</u>
Tax paid		<u>(15,258)</u>	<u>(9,715)</u>
<b>Net cash generated from operating activities</b>		<b><u>3,408</u></b>	<b><u>27,211</u></b>
<b>Cash flows from investing activities</b>			
Acquisition of intangible assets	11	(7,742)	(7,039)
Interest received		829	305
Proceeds from disposal of property, plant and equipment		-	19
Payment of deferred and contingent consideration		(997)	(3,033)
Acquisition of property, plant and equipment	12	(4,625)	(7,447)
Acquisition of a subsidiary, net of cash acquired		-	(8,944)
<b>Net cash used in investing activities</b>		<b><u>(12,535)</u></b>	<b><u>(26,139)</u></b>

#### D. Condensed interim consolidated statement of cash flows (Cont'd)

		6 months ended 30 June 2023 ("1H2023") S\$'000	6 months ended 30 June 2022 ("1H2022") S\$'000
	<b>Note</b>		
<b>Cash flows from financing activities</b>			
Interest paid		(3,652)	(608)
Repayment of borrowings		(25,786)	(12,917)
Payment of lease liabilities		(5,803)	(4,542)
Proceeds from borrowings		23,470	-
Purchase of treasury shares	15	(996)	(3,128)
Proceeds from exercise of share options		84	51
Dividends paid	9	(11,120)	(15,455)
Acquisition of subsidiary's interests from the non-controlling interest		(2,539)	-
<b>Net cash used in financing activities</b>		<b>(26,342)</b>	<b>(36,599)</b>
<b>Net decrease in cash and cash equivalents</b>			
		(35,469)	(35,527)
Cash and cash equivalents at beginning of period		127,775	216,180
Effect of exchange rate fluctuations on cash held		523	248
<b>Cash and cash equivalents at end of period</b>		<b>92,829</b>	<b>180,901</b>

## **E. Notes to the condensed interim consolidated financial statements**

### **1. Corporate information**

AEM Holdings Ltd. (the Company) is incorporated and domiciled in Singapore and whose shares are publicly traded on the Mainboard of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the six months ended 30 June 2023 comprise the Company and its subsidiaries (collectively, the Group). The principal activities of the Company are those relating to an investment holding company. The principal activities of the Group are design and manufacturing of semiconductor assembly and testing equipment, and related tooling parts.

### **2. Basis of Preparation**

The condensed interim financial statements for the six months ended 30 June 2023 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency.

#### **2.1 New and amended standards adopted by the Group**

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

#### **2.2 Use of judgement and estimates**

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Management is of the opinion that there are no critical judgements made in applying the Group's accounting policies that have a significant risk of resulting in a material adjustment as at and for the six months ended 30 June 2023.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following notes:

- Note 11.1 – goodwill impairment
- Note 13 – valuation of inventories

### 3. Seasonal Operations

The Group's businesses are not affected significantly by seasonal factors during the financial period.

### 4. Segment and revenue information

Segment information is presented based on the information reviewed by chief operating decision makers ("CODM") for performance assessment and resource allocation:

- Test Cell Solutions ("TCS")
- Instrumentation ("INS")
- Contract Manufacturing ("CM")
- Others

#### 4.1 Reportable Segments

S\$'000	TCS	INS	CM	Others	Total
<b>1 January 2023 to 30 June 2023</b>					
Revenue from external parties	172,499	3,989	98,733	-	275,221
Inter-segment revenue	-	-	8,492	(8,492)	-
Total segment revenue	172,499	3,989	107,225	(8,492)	275,221
Depreciation and amortisation	(8,476)	(1,575)	(1,032)	(2,132)	(13,215)
Finance income	533	11	285	-	829
Finance costs	(3,603)	-	(4)	(45)	(3,652)
Foreign exchange (loss)/gain, net	(1,698)	467	(66)	-	(1,297)
Segment profit/(loss)	21,296	(2,135)	10,037	(6,459)	22,739
Share of equity-accounted investees' profit					1,114
<b>Profit before tax</b>					<b>23,853</b>
Tax expenses					(4,138)
<b>Profit for the period</b>					<b>19,715</b>
<b>Expenditure for segment non-current assets</b>					
Additions to property, plant & equipment, intangible assets and right-of-use assets	19,356	1,548	1,991	-	22,895

S\$'000	TCS	INS	CM	Others	Total
<b>As at 30 June 2023</b>					
Segment assets	492,043	35,801	204,638	67,194	799,676
Segment liabilities	199,644	6,240	77,470	19,237	302,591

#### 4.1 Reportable Segments (cont'd)

<b>S\$'000</b>	<b>TCS</b>	<b>INS</b>	<b>CM</b>	<b>Others</b>	<b>Total</b>
<b>1 January 2022 to 30 June 2022</b>					
Revenue from external parties	450,339	3,454	86,690	-	540,483
Inter-segment revenue	-	-	4,009	(4,009)	-
Total segment revenue	450,339	3,454	90,699	(4,009)	540,483
Depreciation and amortisation	(6,017)	(1,570)	(953)	(2,248)	(10,788)
Finance income	265	1	39	-	305
Finance costs	(706)	-	(82)	(69)	(857)
Foreign exchange gain/(loss), net	2,753	381	(23)	-	3,111
Segment profit/(loss)	98,179	(2,392)	9,717	(3,002)	102,502
Share of equity-accounted investees' loss					(463)
<b>Profit before tax</b>					<b>102,039</b>
Tax expenses					(18,978)
<b>Profit for the period</b>					<b>83,061</b>
<b>Expenditure for segment non-current assets</b>					
Additions to property, plant & equipment, intangible assets and right-of-use assets	33,586	3,439	2,199	34	39,258

<b>S\$'000</b>	<b>TCS</b>	<b>INS</b>	<b>CM</b>	<b>Others</b>	<b>Total</b>
<b>As at 31 December 2022</b>					
Segment assets	515,611	34,477	191,155	64,353	805,596
Segment liabilities	242,227	4,938	52,375	12,606	312,146

## 4.2 Disaggregation of Revenue

Set out below is an overview of the revenue of the Group for the six months ended 30 June 2023 and 30 June 2022:

	<b>Group</b>	
	<b>6 months ended 30 June 2023 ("1H2023") S\$'000</b>	<b>6 months ended 30 June 2022 ("1H2022") S\$'000</b>
<b>Types of goods or services:</b>		
Sale of goods	224,039	513,800
Rendering of Services	51,182	26,683
<b>Total revenue</b>	<b>275,221</b>	<b>540,483</b>
<b>Timing of revenue recognition:</b>		
At a point in time	224,039	513,800
Over time	51,182	26,683
<b>Total revenue</b>	<b>275,221</b>	<b>540,483</b>
<b>Geographic information:</b>		
Singapore	37,156	35,952
China	15,988	48,304
Costa Rica	29,573	171,820
Germany	13,252	10,568
Malaysia	78,325	167,751
Finland	7,700	4,852
France	1,141	817
UK	14,074	5,814
USA	53,612	51,154
Vietnam	6,374	30,112
Other countries	18,026	13,339
<b>Total revenue</b>	<b>275,221</b>	<b>540,483</b>

## 5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group and the Company as at 30 June 2023 and 31 December 2022:

	Group		Company	
	30 June 2023 S\$'000	31 December 2022 S\$'000	30 June 2023 S\$'000	31 December 2022 S\$'000
<b>Financial assets</b>				
Cash and bank balances	92,829	127,775	37,952	64,274
Trade and other receivables (financial assets) *	106,010	84,348	66,124	49,243
<b>Financial liabilities and trade and other payables</b>				
Financial liabilities	144,631	143,305	-	-
Trade and other payables (financial liabilities) **	96,641	95,989	4,581	5,373

\* Excluding deposits and prepayments

\*\* Excluding employees related payable

## 6. Profit before tax

### 6.1 Significant items

	Group	
	6 months ended 30 June 2023 ("1H2023") S\$'000	6 months ended 30 June 2022 ("1H2022") S\$'000
<b>Income</b>		
Finance income	829	305
Foreign exchange gain, net	-	3,111
Government grant income	159	849
Gain on disposal of property, plant and equipment	-	12
Fair value gain on other investment	-	1,933
<b>Expenses</b>		
Finance expenses	(3,652)	(857)
Foreign exchange loss, net	(1,297)	-
Depreciation and amortisation	(13,215)	(10,788)
Loss on disposal of property, plant and equipment	(32)	-
Legal and professional fees	(10,943)	(10,811)
Allowance for stock obsolescence	(24)	(102)

## 6.2 Related party transactions

There are no material related party transactions apart from those disclosed elsewhere in the financial statements.

## 7. Tax expenses

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	<b>Group</b>	
	<b>6 months ended 30 June 2023 ("1H2023") S\$'000</b>	<b>6 months ended 30 June 2022 ("1H2022") S\$'000</b>
Current income tax expense	(4,772)	(19,209)
Deferred income tax expense relating to origination and reversal of temporary differences	634	231
	<b>(4,138)</b>	<b>(18,978)</b>

## 8. Earnings per share

	<b>Group</b>	
	<b>6 months ended 30 June 2023 ("1H2023")</b>	<b>6 months ended 30 June 2022 ("1H2022")</b>
Basic earnings per share (Singapore cents)	6.37 cents	26.78 cents
Weighted average number of ordinary shares ('000)	308,818	309,273
Diluted earnings per share (Singapore cents)	6.33 cents	26.57 cents
Weighted average number of ordinary shares adjusted for the effect of dilutive potential ('000)	310,732	311,746



## 9. Dividends

	<b>Group</b>	
	<b>6 months ended 30 June 2023 ("1H2023") S\$'000</b>	<b>6 months ended 30 June 2022 ("1H2022") S\$'000</b>
Ordinary dividends paid:		
Final dividend of 5.0 cent per share paid in respect of 2021	-	15,455
Final dividend of 3.6 cent per share paid in respect of 2022	11,120	-
	<b>11,120</b>	<b>15,455</b>
Dividend per share, net of tax (Singapore cents)	<b>3.6 cents</b>	<b>5.0 cents</b>

## 10. Net asset value

	<b>Group</b>		<b>Company</b>	
	<b>30 June 2023</b>	<b>31 December 2022</b>	<b>30 June 2023</b>	<b>31 December 2022</b>
Net asset value per ordinary share (Singapore cents)	<u>158.7 cents</u>	<u>157.1 cents</u>	<u>59.3 cents</u>	<u>61.3 cents</u>

The calculation of net asset value per ordinary share was based on the existing share capital less treasury shares of 308,876,000 ordinary shares as at 30 June 2023 (31 December 2022: 308,752,000).

## 11. Intangible assets

	Group						Total S\$'000
	Goodwill S\$'000	Technology S\$'000	Customer relationships S\$'000	Computer software S\$'000	Development costs S\$'000	Other S\$'000	
<b>At 31 December 2022</b>							
Cost	61,335	9,982	22,203	7,031	28,730	4,053	133,334
Accumulated amortisation	-	(1,860)	(4,426)	(5,636)	(5,085)	(474)	(17,481)
<b>Carrying amount</b>	<b>61,335</b>	<b>8,122</b>	<b>17,777</b>	<b>1,395</b>	<b>23,645</b>	<b>3,579</b>	<b>115,853</b>
<b>6 months ended 30 June 2023</b>							
Opening carrying amount	61,335	8,122	17,777	1,395	23,645	3,579	115,853
Additions	-	-	-	581	7,157	4	7,742
Amortisation charge	-	(214)	(685)	(444)	(2,543)	(188)	(4,074)
Translation adjustment	(7)	(1)	(2)	(5)	141	(2)	124
<b>Closing carrying amount</b>	<b>61,328</b>	<b>7,907</b>	<b>17,090</b>	<b>1,527</b>	<b>28,400</b>	<b>3,393</b>	<b>119,645</b>
<b>At 30 June 2023</b>							
Cost	61,328	9,982	22,204	7,575	36,159	4,062	141,310
Accumulated amortisation	-	(2,075)	(5,114)	(6,048)	(7,759)	(669)	(21,665)
<b>Carrying amount</b>	<b>61,328</b>	<b>7,907</b>	<b>17,090</b>	<b>1,527</b>	<b>28,400</b>	<b>3,393</b>	<b>119,645</b>

	Company Computer software S\$'000
<b>At 31 December 2022</b>	
Cost	1,340
Accumulated amortisation	(1,226)
<b>Carrying amount</b>	<b>114</b>
<b>6 months ended 30 June 2023</b>	
Opening carrying amount	114
Amortisation charge	(25)
<b>Closing carrying amount</b>	<b>89</b>
<b>At 30 June 2023</b>	
Cost	1,340
Accumulated amortisation	(1,251)
<b>Carrying amount</b>	<b>89</b>

## 11.1 Goodwill impairment

For the purposes of impairment testing, goodwill has been allocated to the Group's CGUs (operating divisions) as follows:

	Group	
	30 June 2023 S\$'000	31 December 2022 S\$'000
Test Cell Solutions (TCS)	25,259	25,266
Test and Measurement Solution (TMS)*	1,230	1,230
Automatic Test Equipment (ATE)*	8,044	8,044
Contract Manufacturing (CM)	26,795	26,795
	<b>61,328</b>	<b>61,335</b>

\*These CGUs were grouped under Instrumentation segment

### *Test Cell Solutions (TCS)*

The recoverable amount of this CGU was based on its value in use, determined by discounting the pre-tax future cash flows to be generated from the continuing use of the CGU. The estimated recoverable amount of the CGU is higher than the carrying value of the CGU.

### *Test and Measurement Solution (TMS)*

The recoverable amount of this CGU was based on its value in use, determined by discounting the pre-tax future cash flows to be generated from the continuing use of the CGU. The estimated recoverable amount of the CGU is higher than the carrying value of the CGU.

### *Automatic Test Equipment (ATE)*

The recoverable amount of this CGU was based on its value in use, determined by discounting the pre-tax future cash flows to be generated from the continuing use of the CGU. The estimated recoverable amount of the CGU is higher than the carrying value of the CGU.

### *Contract Manufacturing (CM)*

The recoverable amount of this CGU was based on its value in use, determined by discounting the pre-tax future cash flows to be generated from the continuing use of the CGU. The estimated recoverable amount of the CGU is higher than the carrying value of the CGU.

## 12. Property, plant and equipment

During the six months ended 30 June 2023, the Group acquired assets amounting to S\$4,625,000 (30 June 2022: S\$7,447,000) and disposed of assets amounting to S\$32,000 (30 June 2022: S\$7,000).

### 13. Inventories

	Group	
	30 June 2023 S\$'000	31 December 2022 S\$'000
Raw materials	158,572	136,943
Work-in-progress	133,376	194,242
Finished goods	73,761	35,371
Goods in-transit	-	1,167
	<b>365,709</b>	<b>367,723</b>

The Group recognised an allowance for stock obsolescence of S\$24,000 (1H2022: S\$102,000) based on slow-moving inventories. The allowance are included in "cost of sales" within the condensed interim consolidated statement of profit or loss.

### 14. Financial liabilities

	Group	
	30 June 2023 S\$'000	31 December 2022 S\$'000
<b>Amount repayable within one year or on demand</b>		
Lease liabilities	7,940	7,654
Secured bank loans	4,072	3,785
Unsecured bank loans	23,317	2,216
	<b>35,329</b>	<b>13,655</b>
<b>Amount repayable after one year</b>		
Lease liabilities	30,898	27,519
Unsecured bank loans	78,404	102,131
	<b>109,302</b>	<b>129,650</b>
<b>Total</b>	<b>144,631</b>	<b>143,305</b>

## 15. Share capital

	<b>Group</b>					
	<b>Total Issued Shares</b>		<b>Total Treasury Shares</b>		<b>Total Issued Less Treasury shares</b>	
	<b>Number of shares '000</b>	<b>Amount S\$'000</b>	<b>Number of Shares '000</b>	<b>Amount S\$'000</b>	<b>Number of Shares '000</b>	<b>Amount S\$'000</b>
Fully paid ordinary shares, with no par value:						
<b>At 1 January 2022</b>	<b>311,525</b>	<b>187,197</b>	<b>(1,876)</b>	<b>(5,668)</b>	<b>309,649</b>	<b>181,529</b>
Purchase of treasury shares	-	-	(1,292)	(5,273)	(1,292)	(5,273)
Issue of shares under Performance Share Plan	-	-	137	464	137	464
Share options exercised	258	267	-	-	258	267
<b>At 31 December 2022 &amp; 1 January 2023</b>	<b>311,783</b>	<b>187,464</b>	<b>(3,031)</b>	<b>(10,477)</b>	<b>308,752</b>	<b>176,987</b>
Purchase of treasury shares	-	-	(360)	(996)	(360)	(996)
Issue of shares under Performance Share Plan	-	-	406	1,382	406	1,382
Share options exercised	78	84	-	-	78	84
<b>At 30 June 2023</b>	<b>311,861</b>	<b>187,548</b>	<b>(2,985)</b>	<b>(10,091)</b>	<b>308,876</b>	<b>177,457</b>

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2023 and 31 December 2022.

## 16. Acquisition of non-controlling interests (NCI) of a subsidiary

On 28 April 2023, AEM Singapore Pte. Ltd., a wholly-owned subsidiary of the Company, had acquired additional 8.9% of the outstanding share capital of Nestek Korea Co., Ltd. ("Nestek"), a company incorporated in the Republic of Korea. The consideration for the acquisition is KRW2.4 billion (S\$2.5 million). Consequent to the investment, the Group's effective interest in Nestek increased from 53.3% as at 31 December 2022 to 62.2% as at 30 June 2023. As part of the investment agreement, the Group will in a future date acquire further shares of Nestek from existing shareholder, which together with the acquired shares, will constitute up to 80% of the total outstanding share capital of Nestek on a fully-diluted basis.

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

	<b>Group S\$'000</b>
Carrying amount of NCI acquired	1,568
Consideration paid to NCI	(2,539)
Decrease in equity attributable to owners of the Company	<b>(971)</b>

The decrease in equity attributable to owners of the Company comprised:

- a decrease in Other reserves of S\$1,102,000;
- an increase in Currency translation reserves of S\$55,000; and
- an increase in Accumulated profits of S\$76,000.

## 17. Use of proceeds

On 31 August 2021, the Company allotted and issued 26,800,000 shares to Venezio Investments Pte. Ltd. for an aggregate cash consideration of S\$103,118,000 pursuant to a share placement. After deducting related expenses, net proceeds amounted to S\$102,981,000 (the "Net Proceeds"). As stated in the Company's announcement dated 6 August 2021 in relation to the above-mentioned share placement, the Company intends to use the Net Proceeds to finance the Group's business expansion (including organic expansion and mergers and acquisitions).

During the six months ended 30 June 2023, S\$7,742,000 has been used for acquisition of intangible assets mainly for research & development, S\$4,625,000 used for acquisition of property, plant and equipment for business expansion, and also S\$2,539,000 used for the acquisition of Nestek's interests from non-controlling interest.

As at 30 June 2023, approximately S\$59,095,000 (31 December 2022: S\$74,001,000) remains unutilised out of the Net Proceeds of S\$102,981,000 from the above-mentioned share placement exercise.

The above utilisation of the Net Proceeds is consistent with the intended use of the net proceeds as disclosed in the Company's previous announcements released in relation to the above-mentioned share placement exercise.

## 18. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

On 28 July 2023, the Company issued an update announcement on the arbitration proceedings previously announced on 24 February 2022 (the "Arbitration"). The parties to the Arbitration have reached a settlement of all matters disputed in the Arbitration (the "Settlement") and the arbitrator has entered an arbitral award dated 27 July 2023 in accordance with the terms of the Settlement.

The complainants to the Arbitration are Advantest America, Inc. and Advantest Test Solutions, Inc., and the respondents to the Arbitration are Samer Kabbani, Lattice Innovation, Inc., Wavem US Inc. (a subsidiary of the Company) and the Company. Samer Kabbani founded Lattice Innovation, Inc. and is a former employee of Advantest Test Solutions, Inc. Lattice Innovation, Inc. was acquired by Wavem US Inc. in December 2020, while Samer Kabbani is currently the President of AEM International (US) Ltd. and the Chief Technology Officer of the Company.

The Company has decided on the Settlement to resolve this matter, and focus on its Test 2.0 initiatives underway with existing and new customers that underpin its growth strategy.

The terms of the Settlement include that the respondents to the Arbitration pay to the complainants:

1. A first payment of US\$9,000,000 (S\$12,060,000), expected to be made in the third quarter of 2023; and
2. A second payment of US\$11,000,000 (S\$14,740,000), expected to be made in the third quarter of 2024.

These payments will be borne by the Company using internal resources. The Settlement is final and was reached without any findings or admissions as to breach or liability; there will be no other payments made to the complainants in the future relating to this matter.

The financial effects of the Settlement have not been included in this set of interim financial statements for the six months ended 30 June 2023. The financial impact of the Settlement will be reflected in the second half interim financial statements and full year financial statements for 2023.

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## Other Information

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### 1. Review

The condensed consolidated statements of financial position of AEM Holdings Ltd. and its subsidiaries as at 30 June 2023 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statements of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

### 2. Explanatory notes to condensed consolidated statement of profit or loss

#### Significant items included in profit before tax

##### Other income - Government grant income

Government grant income received largely relates to Jobs Growth Incentive and Wage Credit Scheme.

##### Finance income

The higher finance income in 1H2023 compared to 1H2022 was mainly due to higher interest income earned on bank and fixed deposit balances during 1H2023.

##### Finance expenses

Finance expenses relate to interest expenses on the Group's bank loans.

##### Foreign exchange loss, net

Foreign exchange loss, net, recorded in 1H2023 was largely due to a weaker United States Dollar vis-à-vis Singapore Dollar.

##### Depreciation and amortisation

The increase in depreciation and amortisation in 1H2023 compared to 1H2022 was mainly due to the amortisation of developments costs previously capitalised, the depreciation of property, plant and equipment acquired and the depreciation of right-of-use assets entered during the period.

##### Legal and professional fees

The higher legal and professional fees for 1H2023 included legal fees incurred in connection with the Group's confidential arbitration.

##### Allowance for stock obsolescence

The allowance for stock obsolescence were made for slow-moving stock in accordance with the Group's provisioning policy.

### 3. Review of performance of the Group

#### Analysis of Consolidated Statement of profit or loss and other comprehensive income

The Group's revenue for 1H2023 decreased by 49% to S\$275.2 million from S\$540.5 million in 1H2022. The slowdown in 1H2023 revenue vs. 1H2022 revenue can be attributed to the state of the semiconductor industry in 1H2023, where a surplus of inventory existed leading to low test equipment utilisation and constrained test equipment capex budgets at the leading device manufacturers. This has impacted device manufacturer's next generation device release schedules, which has seen a pushout in their need for next generation test equipment.

Gross profit margin decreased from 31% in 1H2022 to 30% in 1H2023 mainly due to product mix.

Other Income is lower at S\$1.5 million (1H2022: S\$3.1 million) due primarily to the recognition of a fair value gain on other investment of S\$1.9 million in 1H2022.

Research & development (“R&D”) expenses are almost flat at S\$15.2 million (1H2022: S\$15.8 million), approximately 5.5% (1H2022: 2.9%) of revenue. The Group maintained same level of investment in R&D activities and capabilities to stay ahead of competition through innovation. R&D expenses as a percentage of revenue has increased due to the lower revenue in 1H2023 as compared to 1H2022.

Selling, general & administrative expenses is lower compared to 1H2022 due to slow-down in business activity and proactive approach to manage operating costs during the current period.

Overall, profit before tax in 1H2023 decreased to S\$23.9 million from S\$102.0 million in 1H2022.

#### Analysis of Statement of Financial Position of the Group

##### Property, plant and equipment

Increase in property, plant and equipment mainly due to the opening of a new manufacturing plant in Penang during the current period.

##### Right-of-use assets

New property leases entered by the Group resulted in the increase in right-of-use assets.

##### Inventories

Inventories remain relatively flat due to longer-dated, non-cancellable purchase orders, entered with our key customer.

##### Trade and other receivables

Higher sales towards the end of the period resulted in the increase in trade and other receivables.

##### Financial liabilities (current and non-current)

New property leases entered into by the Group resulted in the increase in financial liabilities, partially offset by repayment of borrowings.

##### Current tax payable

The decrease was primarily due to lower profit before tax in 1H2023 and tax payment during the current period.

Overall, total assets and total liabilities decreased to S\$799.7 million and S\$302.6 million, respectively, as at 30 June 2023. Net asset value per share increased to 158.7 Singapore cents as at 30 June 2023, compared to 157.1 Singapore cents as at 31 December 2022.

#### Analysis of Consolidated Statement of Cash Flows

The Group’s net cash generated from operating activities amounted to S\$3.4 million for 1H2023 arising primarily from profit for the period, partially offset by tax payment for FY2022.

Net cash used in investing activities amounted to S\$12.5 million for 1H2023 arising primarily from the acquisition of property, plant and equipment and R&D expenditures incurred during the current period.

For 1H2023, net cash used in financing activities amounted to S\$26.3 million due mainly to dividend paid of S\$11.1 million, payment for lease liabilities and interest expense, and acquisition of Nestek’s interests from non-controlling interest.

Consequently, cash and cash equivalents decreased to S\$92.8 million as at 30 June 2023 from S\$127.8 million as at 31 December 2022.



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

In the press release “First Half Business Updates” dated 11 August 2023, the Group has revised its FY2023 guidance from a target of S\$500 million to a range between S\$460 million to S\$490 million on the back of reduced test capital equipment utilisation levels across the industry and delays in current customer device release schedules.

The Group has reported revenue of S\$275.2 million for 1H2023.

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

The past several quarters have seen the industry going through a period of inventory digestion. Industry players have looked to weather the storm by delaying their roadmap device releases, reducing their capex spend, and renewing their focus on operational efficiency. Although the slowdown has resulted in a short-term reduction in demand for new test capability and capacity, it has provided test development groups the breathing room to plan and devise their test strategies for the AI-fueled boom that will help drive the industry to a trillion-dollars. AEM’s Test 2.0 paradigm is at the forefront of test solutions for next generation advanced logic devices, including high-performance compute, given the Group’s unmatched capability in thermal and Device Under Test (DUT) power.

While the inventory digestion is expected to continue through 2023, the Group believes it is well-positioned to take advantage of the semiconductor volume growth that is expected to return to the semiconductor industry in 2024.

**6. Dividend information**

**6a. Current Financial Period Reported on**

Any dividend declared for the current financial period reported on? No

**6b. Corresponding Period of the Immediate Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per Share (in cents)	6.7 Singapore cents per ordinary share
Tax Rate	Tax Exempt (1-tier)

**6c. Date payable**

Not applicable.

**6d. Book Closure Date**

Not applicable.

**7. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.**

No interim dividend has been declared or recommended for the current financial period as a prudent measure to preserve cash for working capital requirements.

**8. Interested person transactions**

No significant interested persons transactions (“IPT”) were conducted under the Company’s IPT mandate for the year ended 30 June 2023.

**9. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)**

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

**10. Disclosure of persons occupying managerial positions who are related to a director, CEO or substantial shareholder**

Pursuant to Rule 704(13) of the Listing Manual, the Company confirms that there is no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director, the Chief Executive Officer or substantial shareholder of the Company.

### **Confirmation by the Board**

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six-month period ended 30 June 2023 to be false or misleading in any material aspect.

On behalf of the Board of Directors,

Loke Wai San  
Director

Chou Yen Ning @ Alice Lin  
Director

11 August 2023