



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 and full year ended 31 December 2023

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AEM HOLDINGS LTD.
(REGISTRATION NO. 200006417D)

Condensed interim financial statements for the six months and full year ended 31 December 2023

These statements for the six months and full year ended 31 December 2023 have not been audited.

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

		6 months ended 31 December 2023 ("2H2023") S\$'000	6 months ended 31 December 2022 ("2H2022") S\$000	Change* %	12 months ended 31 December 2023 ("FY2023") S\$'000	12 months ended 31 December 2022 ("FY2022") S\$'000	Change* %
	Note						
Revenue	4	206,062	330,008	(38%)	481,283	870,491	(45%)
Cost of sales		(159,804)	(222,603)	(28%)	(351,987)	(596,833)	(41%)
Gross profit		46,258	107,405	(57%)	129,296	273,658	(53%)
Other income		2,846	2,580	10%	4,352	5,637	(23%)
Research & development expenses		(9,135)	(7,364)	24%	(24,350)	(23,126)	5%
Selling, general & administrative expenses		(22,034)	(40,206)	(45%)	(64,471)	(93,807)	(31%)
Foreign exchange loss, net		(1,993)	(5,132)	(61%)	(3,290)	(2,021)	63%
Other expenses		(27,752)	(50)	NM	(27,785)	(54)	NM
Results from operating activities		(11,810)	57,233	NM	13,752	160,287	(91%)
Finance income		637	1,077	(41%)	1,466	1,382	6%
Finance costs		(3,339)	(1,837)	82%	(6,991)	(2,694)	160%
Net finance costs		(2,702)	(760)	256%	(5,525)	(1,312)	321%
Share of equity-accounted investees' (loss)/gain, net of tax		(1,755)	181	NM	(641)	(282)	127%
(Loss)/profit before tax	6	(16,267)	56,654	NM	7,586	158,693	(95%)
Tax expense	7	(4,612)	(12,408)	(63%)	(8,750)	(31,386)	(72%)
(Loss)/profit for the period		(20,879)	44,246	NM	(1,164)	127,307	NM
(Loss)/profit attributable to:							
Owners of the Company		(20,894)	43,976	NM	(1,237)	126,808	NM
Non-controlling interests		15	270	(94%)	73	499	(85%)
(Loss)/profit for the period		(20,879)	44,246	NM	(1,164)	127,307	NM
(Loss)/earnings per share for (loss)/profit for the period attributable to the owners of the Company:							
Basic (SGD in cent)	8	(6.76)	14.23	NM	(0.40)	41.02	NM
Diluted (SGD in cent)	8	(6.72)	14.12	NM	(0.40)	40.72	NM

Note:

*Increase/(decrease)

NM: Not meaningful

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

	6 months ended 31 December 2023 ("2H2023") S\$'000	6 months ended 31 December 2022 ("2H2022") S\$'000	Change* %	12 months ended 31 December 2023 ("FY2023") S\$'000	12 months ended 31 December 2022 ("FY2022") S\$'000	Change* %
Note						
Other comprehensive (loss)/income						
Items that are or may be reclassified subsequently to profit or loss:						
Foreign currency translation difference	(2,658)	(6,558)	(59%)	(4,810)	(5,157)	(7%)
Share of foreign currency translation difference of equity-accounted investees	84	(49)	NM	113	(377)	NM
Other comprehensive loss for the period, net of tax	(2,574)	(6,607)	(61%)	(4,697)	(5,534)	(15%)
Total comprehensive (loss) /income for the period	(23,453)	37,639	NM	(5,861)	121,773	NM
Total comprehensive (loss) /income attributable to:						
Owners of the Company	(23,481)	37,650	NM	(5,957)	121,559	NM
Non-controlling Interests	28	(11)	NM	96	214	(55%)
Total comprehensive (loss) /income for the period	(23,453)	37,639	NM	(5,861)	121,773	NM

Note:

* Increase/(decrease)

NM: Not meaningful

B. Condensed interim statements of financial position

	Note	Group		Company	
		31 December 2023	31 December 2022	31 December 2023	31 December 2022
		S\$'000	S\$'000	S\$'000	S\$'000
Assets					
Property, plant and equipment	12	40,268	40,046	12	13
Investment properties		1,754	1,817	–	–
Right-of-use assets		33,406	35,056	–	–
Intangible assets	11	125,277	115,853	64	114
Interests in subsidiaries		–	–	82,851	82,468
Investment in associates		8,821	15,150	–	4,667
Other investment		5,785	6,059	–	–
Deferred tax assets		1,396	1,050	19	19
Non-current assets		216,707	215,031	82,946	87,281
Inventories	13	328,616	367,723	–	–
Contract cost		–	222	–	–
Trade and other receivables		60,115	92,917	74,977	49,408
Contract assets		1,582	1,928	–	–
Cash and cash equivalents		101,849	127,775	33,240	64,274
Current assets		492,162	590,565	108,217	113,682
Total assets		708,869	805,596	191,163	200,963
Equity					
Share capital	15	187,577	187,464	187,577	187,464
Reserves		(32,900)	(27,418)	(8,019)	(8,260)
Accumulated profits		312,779	325,002	6,418	10,087
Equity attributable to owners of the Company		467,456	485,048	185,976	189,291
Non-controlling interests		6,930	8,402	–	–
Total equity		474,386	493,450	185,976	189,291
Liabilities					
Financial liabilities	14	42,471	129,650	–	–
Trade and other payables		603	5	–	–
Deferred tax liabilities		11,748	11,394	–	–
Provisions		1,070	1,697	–	–
Defined benefit obligations		1,059	1,204	–	–
Non-current liabilities		56,951	143,950	–	–
Financial liabilities	14	83,884	13,655	–	–
Trade and other payables		74,800	118,929	4,337	9,091
Contract liabilities		7,898	6,644	–	–
Current tax payable		6,391	26,678	850	2,581
Provisions		4,559	2,290	–	–
Current liabilities		177,532	168,196	5,187	11,672
Total liabilities		234,483	312,146	5,187	11,672
Total equity and liabilities		708,869	805,596	191,163	200,963

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
Group										
At 1 January 2022		187,197	(5,668)	(9,623)	2,222	(6,044)	234,430	402,514	-	402,514
Total comprehensive income for the year										
Profit for the year		-	-	-	-	-	126,808	126,808	499	127,307
Other comprehensive income/(loss)										
Foreign currency translation difference		-	-	-	-	(4,872)	-	(4,872)	(285)	(5,157)
Share of foreign currency translation difference of equity-accounted investee		-	-	-	-	(377)	-	(377)	-	(377)
Total comprehensive income for the year		-	-	-	-	(5,249)	126,808	121,559	214	121,773
Transactions with owners, recognised directly in equity										
Contributions by and distributions to owners of the Company										
Own shares acquired	15	-	(5,273)	-	-	-	-	(5,273)	-	(5,273)
Treasury shares reissued pursuant to share plans	15	-	464	144	(608)	-	-	-	-	-
Share options exercised	15	267	-	-	-	-	-	267	-	267
Share-based payment transactions		-	-	-	2,159	-	-	2,159	-	2,159
Final dividend of 5.0 cents per share in respect of 2021	9	-	-	-	-	-	(15,455)	(15,455)	-	(15,455)
Interim dividend of 6.7 cents per share in respect of 2022	9	-	-	-	-	-	(20,723)	(20,723)	-	(20,723)
Appropriation to other reserves		-	-	58	-	-	(58)	-	-	-
Total contributions by and distributions to owners of the Company		267	(4,809)	202	1,551	-	(36,236)	(39,025)	-	(39,025)
Changes in ownership interests in a subsidiary										
Acquisition of subsidiary with non-controlling interests		-	-	-	-	-	-	-	8,188	8,188
Total changes in ownership interests in a subsidiary		-	-	-	-	-	-	-	8,188	8,188
Total transaction with owners		267	(4,809)	202	1,551	-	(36,236)	(39,025)	8,188	(30,837)
At 31 December 2022		187,464	(10,477)	(9,421)	3,773	(11,293)	325,002	485,048	8,402	493,450

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									
At 1 January 2023		187,464	(10,477)	(9,421)	3,773	(11,293)	325,002	485,048	8,402	493,450
Total comprehensive income for the year										
Loss for the year		-	-	-	-	-	(1,237)	(1,237)	73	(1,164)
Other comprehensive income/(loss)										
Foreign currency translation difference		-	-	-	-	(4,833)	-	(4,833)	23	(4,810)
Share of foreign currency translation difference of equity-accounted investee		-	-	-	-	113	-	113	-	113
Total comprehensive income for the year		-	-	-	-	(4,720)	(1,237)	(5,957)	96	(5,861)
Transactions with owners, recognised directly in equity										
Contributions by and distributions to owners of the Company										
Own shares acquired	15	-	(996)	-	-	-	-	(996)	-	(996)
Treasury shares reissued pursuant to share plans	15	-	1,382	156	(1,538)	-	-	-	-	-
Share options exercised	15	113	-	-	-	-	-	113	-	113
Share-based payment transactions		-	-	-	1,237	-	-	1,237	-	1,237
Final dividend of 3.6 cents per share in respect of 2022	9	-	-	-	-	-	(11,120)	(11,120)	-	(11,120)
Appropriation to other reserves		-	-	(58)	-	-	58	-	-	-
Total contributions by and distributions to owners of the Company		113	386	98	(301)	-	(11,062)	(10,766)	-	(10,766)
Changes in ownership interests in a subsidiary										
Acquisition of non-controlling interests without a change in control	16	-	-	(1,000)	-	55	76	(869)	(1,568)	(2,437)
Total changes in ownership interests in a subsidiary		-	-	(1,000)	-	55	76	(869)	(1,568)	(2,437)
Total transactions with owners		113	386	(902)	(301)	55	(10,986)	(11,635)	(1,568)	(13,203)
At 31 December 2023		187,577	(10,091)	(10,323)	3,472	(15,958)	312,779	467,456	6,930	474,386

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

	Share capital	Reserve for own shares	Other reserves	Share compensation reserve	Accumulated profits	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Company						
At 1 January 2022	187,197	(5,668)	(1,700)	2,222	2,375	184,426
Total comprehensive income for the year	-	-	-	-	43,890	43,890
Transactions with owners, recognised directly in equity						
<i>Contributions by and distributions to owners of the Company</i>						
Own shares acquired	-	(5,273)	-	-	-	(5,273)
Treasury shares reissued pursuant to share plans	-	464	144	(608)	-	-
Share options exercised	267	-	-	-	-	267
Share-based payment transactions	-	-	-	2,159	-	2,159
Final dividend of 5.0 cents per share in respect of 2021	-	-	-	-	(15,455)	(15,455)
Interim dividend of 6.7 cents per share in respect of 2022	-	-	-	-	(20,723)	(20,723)
Total transactions with owners	267	(4,809)	144	1,551	(36,178)	(39,025)
At 31 December 2022	187,464	(10,477)	(1,556)	3,773	10,087	189,291
At 1 January 2023	187,464	(10,477)	(1,556)	3,773	10,087	189,291
Total comprehensive income for the year	-	-	-	-	7,451	7,451
Transactions with owners, recognised directly in equity						
<i>Contributions by and distributions to owners of the Company</i>						
Own shares acquired	-	(996)	-	-	-	(996)
Treasury shares reissued pursuant to share plans	-	1,382	156	(1,538)	-	-
Share options exercised	113	-	-	-	-	113
Share-based payment transactions	-	-	-	1,237	-	1,237
Final dividend of 3.6 cents per share in respect of 2022	-	-	-	-	(11,120)	(11,120)
Total transactions with owners	113	386	156	(301)	(11,120)	(10,766)
At 31 December 2023	187,577	(10,091)	(1,400)	3,472	6,418	185,976

D. Condensed interim consolidated statement of cash flows

		6 months ended 31 December 2023 ("2H2023") S\$'000	6 months ended 31 December 2022 ("2H2022") S\$'000	12 months ended 31 December 2023 ("FY2023") S\$'000	12 months ended 31 December 2022 ("FY2022") S\$'000
	Note				
Cash flows from operating activities					
(Loss)/profit for the period		(20,879)	44,246	(1,164)	127,307
<i>Adjustments for:</i>					
Depreciation of property, plant and equipment		3,156	3,731	6,587	7,754
Depreciation of investment properties		15	21	30	21
Depreciation of right-of-use assets		5,192	5,557	10,887	10,035
Amortisation of intangible assets	11	4,148	3,440	8,222	5,727
Allowance for stock obsolescence	13	1,756	531	1,780	633
Impairment loss on trade receivables		–	14	–	14
Impairment loss on investment in an associate		600	–	600	–
(Gain)/loss on disposal of property, plant and equipment	6	–	(296)	32	(308)
Write off of property, plant and equipment		294	–	294	–
Gain on disposal of an associate		(71)	–	(71)	–
Gain on disposal of a subsidiary		(328)	–	(328)	–
Net finance costs		2,702	760	5,525	1,312
Foreign exchange differences arising from translation		1	3,708	(298)	2,484
(Reversal of)/provision for defined benefit obligations		(231)	121	(145)	245
Share of equity-accounted investees' loss/(gain), net of tax		1,755	(181)	641	282
Equity-settled share-based payment expenses		623	963	1,237	2,159
Fair value loss/(gain) on other investment	6	180	–	180	(1,933)
Tax expense	7	4,612	12,408	8,750	31,386
		<u>3,525</u>	<u>75,023</u>	<u>42,759</u>	<u>187,118</u>
<i>Changes in:</i>					
Inventories		31,945	(96,352)	30,622	(167,553)
Contract costs		2	2	222	151
Trade and other receivables		51,354	60,776	29,303	37,312
Contract assets		(164)	(1,411)	353	(1,236)
Trade and other payables		(36,380)	(86,359)	(36,525)	(60,027)
Contract liabilities		(25)	2,038	1,226	(5,148)
Provisions		851	(477)	1,712	(451)
Cash from operating activities		<u>51,108</u>	<u>(46,760)</u>	<u>69,672</u>	<u>(9,834)</u>
Tax paid		<u>(13,602)</u>	<u>(11,876)</u>	<u>(28,860)</u>	<u>(21,591)</u>
Net cash generated from/(used in) operating activities		<u>37,506</u>	<u>(58,636)</u>	<u>40,812</u>	<u>(31,425)</u>
Cash flows from investing activities					
Acquisition of intangible assets	11	(10,313)	(7,642)	(18,055)	(14,681)
Interest received		637	1,077	1,466	1,382
Proceeds from disposal of property, plant and equipment		25	610	25	629
Proceeds from disposal of an associate		5,120	–	5,120	–
Proceeds from disposal of asset held for sale		–	1,723	–	1,723
Payment of deferred and contingent consideration		–	(1,299)	(997)	(4,332)
Acquisition of property, plant and equipment	12	(3,244)	(5,361)	(7,869)	(12,808)
Acquisition of other investment		–	(1,595)	–	(1,595)
Acquisition of a subsidiary, net of cash acquired		–	189	–	(8,755)
Disposal of a subsidiary, net of cash disposed of		79	–	79	–
Net cash used in from investing activities		<u>(7,696)</u>	<u>(12,298)</u>	<u>(20,231)</u>	<u>(38,437)</u>

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

		6 months ended 31 December 2023 ("2H2023") S\$'000	6 months ended 31 December 2022 ("2H2022") S\$'000	12 months ended 31 December 2023 ("FY2023") S\$'000	12 months ended 31 December 2022 ("FY2022") S\$'000
	Note				
Cash flows from financing activities					
Interest paid		(3,339)	(1,988)	(6,991)	(2,596)
Repayment of borrowings		(75,129)	(2,437)	(100,915)	(15,354)
Payment of lease liabilities		(4,236)	(5,606)	(10,039)	(10,148)
Proceeds from borrowings		61,500	50,000	84,970	50,000
Purchase of treasury shares	15	–	(2,145)	(996)	(5,273)
Proceeds from exercise of share options		29	216	113	267
Acquisition of subsidiary's interests from non-controlling interest		–	–	(2,437)	–
Dividends paid	9	–	(20,723)	(11,120)	(36,178)
Net cash (used in)/generated from financing activities		(21,175)	17,317	(47,415)	(19,282)
Net increase/(decrease) in cash and cash equivalents					
Cash and cash equivalents at beginning of period		8,635	(53,617)	(26,834)	(89,144)
Effect of exchange rate fluctuations on cash held		92,829	180,901	127,775	216,180
		385	491	908	739
Cash and cash equivalents at end of period		101,849	127,775	101,849	127,775

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 and full year ended 31 December 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 and full year ended 31 December 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.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2022.

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.

Critical judgment in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is on equity-accounted investees: whether the Group has significant influence over an investee.

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
1 July 2023 to 31 December 2023					
Revenue from external parties	98,976	3,475	103,611	-	206,062
Inter-segment revenue	-	-	3,267	(3,267)	-
Total segment revenue	98,976	3,475	106,878	(3,267)	206,062
Depreciation and amortisation	(7,948)	(1,315)	(1,072)	(2,176)	(12,511)
Finance income	319	8	310	-	637
Finance costs	(2,830)	-	(471)	(38)	(3,339)
Foreign exchange (loss)/gain, net	(1,655)	37	(375)	-	(1,993)
Segment (loss)/profit	(5,442)	(947)	17,530	(25,653)	(14,512)
Share of equity-accounted investees' loss					(1,755)
Loss before tax					(16,267)
Tax expenses					(4,612)
Loss for the period					(20,879)
Expenditure for segment non-current assets					
Additions to property, plant & equipment, intangible assets and right-of-use assets	11,032	2,213	514	5	13,764

4.1 Reportable Segments (cont'd)

S\$'000	TCS	INS	CM	Others	Total
1 July 2022 to 31 December 2022					
Revenue from external parties	232,349	3,765	93,894	-	330,008
Inter-segment revenue	-	-	20,007	(20,007)	-
Total segment revenue	232,349	3,765	113,901	(20,007)	330,008
Depreciation and amortisation	(8,154)	(1,572)	(1,075)	(1,948)	(12,749)
Finance income	812	12	253	-	1,077
Finance costs	(1,664)	(53)	(73)	(47)	(1,837)
Foreign exchange loss, net	(2,955)	(1,525)	(652)	-	(5,132)
Segment profit/(loss)	65,350	(3,306)	10,729	(16,300)	56,473
Share of equity-accounted investees' gain					181
Profit before tax					56,654
Tax expenses					(12,408)
Profit for the period					44,246
Expenditure for segment non-current assets					
Additions to property, plant & equipment, intangible assets and right-of-use assets	14,660	482	830	6	15,978

S\$'000	TCS	INS	CM	Others	Total
1 January 2023 to 31 December 2023					
Revenue from external parties	271,475	7,464	202,344	-	481,283
Inter-segment revenue	-	-	11,759	(11,759)	-
Total segment revenue	271,475	7,464	214,103	(11,759)	481,283
Depreciation and amortisation	(16,424)	(2,890)	(2,104)	(4,308)	(25,726)
Finance income	852	19	595	-	1,466
Finance costs	(6,432)	(1)	(475)	(83)	(6,991)
Foreign exchange (loss)/gain, net	(3,353)	504	(441)	-	(3,290)
Segment profit/(loss)	15,854	(2,106)	27,567	(33,088)	8,227
Share of equity-accounted investees' loss					(641)
Profit before tax					7,586
Tax expenses					(8,750)
Loss for the period					(1,164)
Expenditure for segment non-current assets					
Additions to property, plant & equipment, intangible assets and right-of-use assets	30,388	3,761	2,505	5	36,659

S\$'000	TCS	INS	CM	Others	Total
As at 31 December 2023					
Segment assets	435,860	36,396	179,747	56,866	708,869
Segment liabilities	169,247	6,889	52,088	6,259	234,483

4.1 Reportable Segments (cont'd)

S\$'000	TCS	INS	CM	Others	Total
1 January 2022 to 31 December 2022					
Revenue from external parties	682,688	7,219	180,584	-	870,491
Inter-segment revenue	-	-	24,016	(24,016)	-
Total segment revenue	682,688	7,219	204,600	(24,016)	870,491
Depreciation and amortisation	(14,171)	(3,142)	(2,028)	(4,196)	(23,537)
Finance income	1,077	13	292	-	1,382
Finance costs	(2,370)	(53)	(155)	(116)	(2,694)
Foreign exchange gain/(loss), net	(202)	(1,144)	(675)	-	(2,021)
Segment profit/(loss)	163,529	(5,698)	20,446	(19,302)	158,975
Share of equity-accounted investees' loss					(282)
Profit before tax					158,693
Tax expenses					(31,386)
Profit for the period					127,307
Expenditure for segment non-current assets					
Additions to property, plant & equipment, intangible assets and right-of-use assets	48,246	3,921	3,029	42	55,238

S\$'000	TCS	INS	CM	Others	Total
As at 31 December 2022					
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 and full year ended 31 December 2023 and 31 December 2022:

	Group			
	6 months ended 31 December 2023 ("2H2023") S\$'000	6 months ended 31 December 2022 ("2H2022") S\$'000	12 months ended 31 December 2023 ("FY2023") S\$'000	12 months ended 31 December 2022 ("FY2022") S\$'000
Types of goods or services:				
Sale of goods	166,919	287,555	390,958	801,355
Rendering of Services	39,143	42,453	90,325	69,136
Total revenue	206,062	330,008	481,283	870,491
Timing of revenue recognition:				
At a point in time	171,890	294,245	395,929	808,045
Over time	34,172	35,763	85,354	62,446
Total revenue	206,062	330,008	481,283	870,491
Geographic information:				
Singapore	45,016	36,265	82,172	72,217
China	13,387	23,600	29,375	71,904
Costa Rica	21,096	43,325	50,669	215,145
Germany	11,192	11,970	24,444	22,538
Malaysia	28,541	83,161	106,866	250,912
Finland	6,690	9,949	14,390	14,801
France	714	785	1,855	1,602
Ireland	6,032	5,112	12,928	9,949
Republic of Korea	4,341	5,125	8,732	7,086
UK	6,835	7,290	14,013	13,104
USA	42,257	69,149	95,869	120,303
Vietnam	9,443	19,916	15,817	50,028
Other countries	10,518	14,361	24,153	20,902
Total revenue	206,062	330,008	481,283	870,491

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 31 December 2023 and 31 December 2022:

	Group		Company	
	31 December 2023 S\$'000	31 December 2022 S\$'000	31 December 2023 S\$'000	31 December 2022 S\$'000
Financial assets				
Cash and bank balances	101,849	127,775	33,240	64,274
Trade and other receivables (financial assets) *	52,823	84,349	74,808	49,243
Financial liabilities and trade and other payables				
Financial liabilities	126,355	143,305	-	-
Trade and other payables (financial liabilities) **	68,092	95,989	4,282	5,373

* Excluding deposits and prepayments

** Excluding employees related payable

6. Profit before tax

6.1 Significant items

	Group			
	6 months ended 31 December 2023 ("2H2023") S\$'000	6 months ended 31 December 2022 ("2H2022") S\$'000	12 months ended 31 December 2023 ("FY2023") S\$'000	12 months ended 31 December 2022 ("FY2022") S\$'000
Income				
Finance income	637	1,077	1,466	1,382
Government grant income	1,180	2,073	1,339	2,922
Gain on disposal of property, plant and equipment	-	296	-	308
Gain on disposal of an associate	71	-	71	-
Gain on disposal of a subsidiary	328	-	328	-
Fair value gain on other investment	-	-	-	1,933
Expenses				
Finance expenses	(3,339)	(1,837)	(6,991)	(2,694)
Foreign exchange loss, net	(1,993)	(5,132)	(3,290)	(2,021)
Depreciation and amortisation	(12,511)	(12,749)	(25,726)	(23,537)
Loss on disposal of property, plant and equipment	-	-	(32)	-
Legal and professional fees	1,927*	(16,220)	(9,016)	(27,031)
Fair value loss on other investment	(180)	-	(180)	-
Impairment loss on investment in an associate	(600)	-	(600)	-
Allowance for stock obsolescence	(1,756)	(531)	(1,780)	(633)

* Included reversal of overprovision of legal fees

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:

	Group			
	6 months ended 31 December 2023 ("2H2023") S\$'000	6 months ended 31 December 2022 ("2H2022") S\$'000	12 months ended 31 December 2023 ("FY2023") S\$'000	12 months ended 31 December 2022 ("FY2022") S\$'000
Current income tax expense	3,666	10,402	8,438	29,611
Deferred income tax expense relating to origination and reversal of temporary differences	946	2,006	312	1,775
	4,612	12,408	8,750	31,386

8. (Loss)/earnings per share

	Group			
	6 months ended 31 December 2023 ("2H2023")	6 months ended 31 December 2022 ("2H2022")	12 months ended 31 December 2023 ("FY2023")	12 months ended 31 December 2022 ("FY2022")
Basic (loss)/earnings per share (Singapore cents)	(6.76) cents	14.23 cents	(0.40) cents	41.02 cents
Weighted average number of ordinary shares ('000)	308,894	309,004	308,857	309,138
Diluted (loss)/earnings per share (Singapore cents)	(6.72) cents	14.12 cents	(0.40) cents	40.72 cents
Weighted average number of ordinary shares adjusted for the effect of dilutive potential ('000)	310,932	311,824	310,808	311,446

9. Dividends

	Group	
	31 December 2023 S\$'000	31 December 2022 S\$'000
Ordinary dividends paid:		
Final dividend of 5.0 cent per share paid in respect of 2021	-	15,455
Interim dividend of 6.7 cents per share paid in respect of 2022	-	20,723
Final dividend of 3.6 cent per share paid in respect of 2022	11,120	-
	11,120	36,178
Dividend per share, net of tax (Singapore cents)	3.6 cents	11.7 cents

10. Net asset value

	Group		Company	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Net asset value per ordinary share (Singapore cents)	151.3 cents	157.1 cents	60.2 cents	61.3 cents

The calculation of net asset value per ordinary share was based on the existing share capital less treasury shares of 308,901,000 ordinary shares as at 31 December 2023 (31 December 2022: 308,753,000).

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	
At 31 December 2022							
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)
Carrying amount	61,335	8,122	17,777	1,395	23,645	3,579	115,853
12 months ended 31 December 2023							
Opening carrying amount	61,335	8,122	17,777	1,395	23,645	3,579	115,853
Additions	-	821	-	823	16,405	6	18,055
Amortisation charge	-	(1,485)	(1,331)	(948)	(4,138)	(320)	(8,222)
Translation adjustment	(114)	131	(39)	(20)	(238)	(129)	(409)
Closing carrying amount	61,221	7,589	16,407	1,250	35,674	3,136	125,277
At 31 December 2023							
Cost	61,221	10,951	22,181	7,729	45,082	3,924	151,088
Accumulated amortisation	-	(3,362)	(5,774)	(6,479)	(9,408)	(788)	(25,811)
Carrying amount	61,221	7,589	16,407	1,250	35,674	3,136	125,277

	Company
	Computer
	software
	S\$'000
At 31 December 2022	
Cost	1,340
Accumulated amortisation	(1,226)
Carrying amount	114
12 months ended 31 December 2023	
Opening carrying amount	114
Amortisation charge	(50)
Closing carrying amount	64
At 31 December 2023	
Cost	1,340
Accumulated amortisation	(1,276)
Carrying amount	64

11.1 Goodwill impairment

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

	Group	
	31 December 2023 S\$'000	31 December 2022 S\$'000
Test Cell Solutions (TCS)^	33,196	25,266
Test and Measurement Solution (TMS)*	1,230	1,230
Automatic Test Equipment (ATE)^*	-	8,044
Contract Manufacturing (CM)	26,795	26,795
	61,221	61,335

^ ATE has been integrated into TCS in the financial year due to change in strategic direction of ATE where ATE's resources and expertise are being refocused to support the TCS CGU. ATE products will form part of the full solution provided to TCS' customers

* This CGU was grouped under Instrumentation segment

Test Cell Solutions (TCS)

With the integration of ATE into TCS in FY2023, the recoverable amount 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)

In FY2022, 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 twelve months ended 31 December 2023, the Group acquired assets amounting to S\$7,869,000 (FY2022: S\$12,808,000), disposed of assets amounting to S\$57,000 (FY2022: S\$321,000) and written off assets amounting to S\$294,000 (FY2022: Nil).

13. Inventories

	Group	
	31 December	31 December
	2023	2022
	S\$'000	S\$'000
Raw materials	169,161	136,943
Work-in-progress	56,085	194,242
Finished goods	99,177	35,371
Goods in-transit	4,193	1,167
	328,616	367,723

The Group recognised an allowance for stock obsolescence of S\$1,780,000 (FY2022: S\$633,000) 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	
	31 December	31 December
	2023	2022
	S\$'000	S\$'000
Amount repayable within one year or on demand		
Lease liabilities	7,877	7,654
Secured bank loans	3,851	3,785
Unsecured bank loans	72,156	2,216
	83,884	13,655
Amount repayable after one year		
Lease liabilities	26,475	27,519
Secured bank loans	303	-
Unsecured bank loans	15,693	102,131
	42,471	129,650
Total	126,355	143,305

15. Share capital

	Group					
	Total Issued Shares		Total Treasury Shares		Total Issued Less Treasury shares	
	Number of shares '000	Amount S\$'000	Number of Shares '000	Amount S\$'000	Number of Shares '000	Amount S\$'000
Fully paid ordinary shares, with no par value:						
At 1 January 2022	311,525	187,197	(1,876)	(5,668)	309,649	181,529
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	259	267	-	-	259	267
At 31 December 2022 & 1 January 2023	311,784	187,464	(3,031)	(10,477)	308,753	176,987
Purchase of treasury shares	-	-	(360)	(996)	(360)	(996)
Issue of shares under Performance Share Plan	-	-	406	1,382	406	1,382
Share options exercised	102	113	-	-	102	113
At 31 December 2023	311,886	187,577	(2,985)	(10,091)	308,901	177,486

The Company's subsidiaries do not hold any shares in the Company as at 31 December 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 31 December 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.

	Group S\$'000
Carrying amount of NCI acquired	1,568
Consideration paid to NCI	(2,437)
Decrease in equity attributable to owners of the Company	(869)

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

- a decrease in Other reserves of S\$1,000,000;
- 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 full year ended 31 December 2023, S\$18,055,000 has been used for acquisition of intangible assets mainly for research & development, S\$7,869,000 used for acquisition of property, plant and equipment for business expansion, and also S\$2,437,000 used for the acquisition of Nestek's interests from non-controlling interest.

As at 31 December 2023, approximately S\$45,640,000 (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.

Other Information

1. Review

The condensed consolidated statements of financial position of AEM Holdings Ltd. and its subsidiaries as at 31 December 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 twelve-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 EDB Grant and Wage Credit Scheme.

Finance income

The increase in finance income in FY2023 compared to FY2022 was mainly due to higher interest income earned on bank and fixed deposit balances during the period.

Finance expenses

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

Foreign exchange loss, net

Foreign exchange loss, net, recorded in FY2023 was largely due to a weaker United States Dollar vis-à-vis Singapore Dollar.

Depreciation and amortisation

The increase in depreciation and amortisation in FY2023 compared to FY2022 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 decrease in legal and professional fees for FY2023 compared to FY2022 as the Group's arbitration has concluded in 2H2023 resulting in lower related legal fees.

Allowance for stock obsolescence

The allowance for stock obsolescence was 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 FY2023 decreased by 45% to S\$481.3 million from S\$870.5 million in FY2022. The slowdown in FY2023 revenue vs. FY2022 revenue can be attributed to the state of the semiconductor industry in year 2023, where a combination of reduced end-customer demand and excess inventory pushed out capital expenditure in the semiconductor industry. This resulted in reduced test equipment purchases, and shifted out test equipment procurement for new programs that the Group had previously announced.

Gross profit margin decreased from 31.4% in FY2022 to 26.9% in FY2023 mainly due to product mix.

Other income is lower at S\$4.3 million (FY2022: S\$5.6 million) due primarily to the recognition of fair value gain on other investment of S\$1.9 million in FY2022.

Research & development (“R&D”) expenses have increased in FY2023 from S\$23.1 million to S\$24.3 million mainly due to ongoing development of emerging products and higher amortisation of previously capitalized development cost.

Selling, general & administrative expenses is lower compared to FY2022 mainly due to lower legal fees and slow-down in business activity and proactive approach to manage operating costs.

Other expenses in FY2023 included the S\$26.7 million (US\$20 million) settlement of the arbitration.

Overall, profit before tax in FY2023 decreased to S\$7.6 million from S\$158.7 million in FY2022.

Analysis of Statement of Financial Position of the Group

Property, plant and equipment

Increase in property, plant and equipment mainly due to purchase of new equipment partially offset by depreciation during the current period.

Right-of-use assets

Decrease in right-of-use assets mainly due to depreciation partially offset by new property leases entered by the Group during the current period.

Inventories

Inventories has decreased due to consumption during the current period.

Trade and other receivables

Lower sales towards the end of the period resulted in the decrease in trade and other receivables.

Financial liabilities (current and non-current)

Partial repayment of borrowings during 2H2023 by the Group resulted in the decrease in financial liabilities.

Current tax payable

The decrease was primarily due to lower profit before tax in FY2023 and tax payment during the current period.

Overall, total assets and total liabilities decreased to S\$708.9 million and S\$234.5 million, respectively, as at 31 December 2023. Net asset value per share decreased to 151.3 Singapore cents as at 31 December 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\$40.8 million for FY2023 arising primarily from consumption of inventories and collection from receivables, partially offset by the first settlement amount of the arbitration, payment of payables and tax payment during the current period.

Net cash used in investing activities amounted to S\$20.2 million for FY2023 arising primarily from the acquisition of property, plant and equipment and R&D expenditures incurred during the current period.

For FY2023, net cash used in financing activities amounted to S\$47.4 million mainly due to payment for interest expense and operating lease and partial repayment of borrowings.

Consequently, cash and cash equivalents decreased to S\$101.8 million as at 31 December 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 “Third Quarter Business Updates” dated 9 November 2023, the Group has maintained its FY2023 guidance at between S\$460 million to S\$490 million.

The Group has achieved a revenue of S\$481.3 million for FY2023.

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

As the world enters 2024, inventory levels have normalized, with end-customer demand for PCs and smartphones expected to recover slightly from 2023 lows. Artificial Intelligence (“AI”) will continue to boom, and is expected to experience an inflection point in its growth via new applications of the technology that will bring it to the edge, with AI PCs expected to account for ~60% of global PC volumes by 2027 (*Source: IDC*). The growth of AI powered compute will bolster the volume growth of advanced logic devices in the near-term, increasing the need for Test 2.0 based solutions.

Advanced logic device manufacturers face significant challenges in the testing of AI / High Performance Compute devices. These challenges can be categorized into three main areas – thermal, throughput, and overall cost of test. The increase in test time translates into a higher cost, and reduces the overall number of devices that can be processed in a given period of time. AEM’s technology portfolio has been focused on addressing these exact challenges, which is why selected customers have selected AEM over the competition.

The Group believes that it is well positioned to take advantage of the AI inflection point as it migrates from the data centre to the edge in late 2024 and beyond. Outside of AI, the visibility remains limited, further masked by the long-dated purchase order program that the Group is engaged in with its key customer.

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	Final
Dividend Type	Cash
Dividend Amount per Share (in cents)	3.6 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 dividend has been recommended for the current financial period in order to continue to invest in new customer programs.

8. Interested person transactions

No significant interested persons transactions (“IPT”) were conducted under the Company’s IPT mandate for the year ended 31 December 2023.

Name of interested person	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)	
	FY2023	FY2022
	S\$	S\$
NT SPV 13	5,120,000	-
	5,120,000	-

NT SPV 13 is regarded as an associate of Mr. Loke Wai San. The IPT of S\$5,120,000 for FY2023 comprised disposal of 4,666,667 shares in Novoflex Pte. Ltd. to NT SPV 13.

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 twelve-month period ended 31 December 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

28 February 2024