

# SGXNET Announcement



**AEM Holdings Ltd**  
**(Registration No. 200006417D)**  
**Quarterly Financial Statements and Dividend Announcement**  
**For Period Ended 31 December 2014**

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**1. Financial Statements**  
**1(a)(i). Consolidated Income Statement**

	Note	Quarterly Results			YTD Results		
		4Q2014 S\$'000	4Q2013 S\$'000	Change* %	FY2014 S\$'000	FY2013 S\$'000	Change* %
<b>Continuing operations</b>							
Revenue		5,248	11,189	-53.1%	30,860	45,644	-32.4%
Other income	A.1	475	709	-33.0%	2,483	1,516	63.8%
		<b>5,723</b>	<b>11,898</b>	<b>-51.9%</b>	<b>33,343</b>	<b>47,160</b>	<b>-29.3%</b>
Changes in inventories of finished goods and work-in-progress	A.2	(5,890)	(1,124)	-424.0%	(5,907)	5,588	-205.7%
Raw materials and other consumables	A.2	(2,662)	(7,361)	63.8%	(17,198)	(34,392)	50.0%
Staff costs		(3,341)	(2,507)	-33.3%	(11,249)	(8,911)	-26.2%
Depreciation of property, plant and equipment		(247)	(257)	3.9%	(1,000)	(1,091)	8.3%
Amortisation of intangible assets		(60)	(73)	17.8%	(890)	(281)	-216.7%
Other expenses	A.1	(9,196)	(1,705)	-439.4%	(26,530)	(6,398)	-314.7%
Finance expenses		(2)	(5)	60.0%	(11)	(23)	52.2%
<b>(Loss)/Profit before taxation</b>		<b>(15,675)</b>	<b>(1,134)</b>	<b>NM</b>	<b>(29,442)</b>	<b>1,652</b>	<b>NM</b>
Income tax credit/(expense)		2,166	(34)	NM	2,134	(894)	338.7%
<b>(Loss)/Profit after tax from continuing operations</b>		<b>(13,509)</b>	<b>(1,168)</b>	<b>NM</b>	<b>(27,308)</b>	<b>758</b>	<b>NM</b>
<b>Discontinued operation:</b>							
Loss from discontinued operations		(2,908)	(3,435)	15.3%	(12,636)	(8,686)	-45.5%
<b>Loss for the period</b>		<b>(16,417)</b>	<b>(4,603)</b>	<b>NM</b>	<b>(39,944)</b>	<b>(7,928)</b>	<b>-403.8%</b>
<u>Other comprehensive (loss)/income</u>							
Translation (loss)/gain relating to financial statements of foreign subsidiaries, net of tax		(846)	1,033	-181.9%	(425)	1,713	-124.8%
Exchange gain relating to monetary items forming part of net investments		-	49	-100.0%	-	-	NM
<b>Other comprehensive (loss)/income for the period, net of tax</b>		<b>(846)</b>	<b>1,082</b>	<b>-178.2%</b>	<b>(425)</b>	<b>1,713</b>	<b>-124.8%</b>
<b>Total comprehensive loss for the period</b>		<b>(17,263)</b>	<b>(3,521)</b>	<b>NM</b>	<b>(40,369)</b>	<b>(6,215)</b>	<b>NM</b>

\* Increase/(Decrease) Earnings

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

Total comprehensive loss attributable to:

Owners of the Company		(16,605)	(1,832)	NM	(35,665)	(3,084)	NM
Non-controlling interests		(658)	(1,689)	61.0%	(4,704)	(3,131)	-50.2%
<b>Total comprehensive loss for the period</b>		<b>(17,263)</b>	<b>(3,521)</b>	<b>NM</b>	<b>(40,369)</b>	<b>(6,215)</b>	<b>-549.5%</b>

\* Increase/(Decrease) Earnings

NM: Not meaningful

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

### A.1 Loss from the continuing operation is arrived at after crediting/(charging) the following items:

	Note	Quarterly Results			YTD Results		
		4Q2014 S\$'000	4Q2013 S\$'000	Change* %	FY2014 S\$'000	FY2013 S\$'000	Change* %
Government grant income		8	-	NM	54	12	350.0%
Interest income		12	25	-52.0%	48	155	-69.0%
Rental income		278	293	-5.1%	1,122	1,118	0.4%
Exchange gain/(loss), net		258	(280)	192.3%	443	38	NM
Allowance for doubtful debts (provided)/reversed	(a)	(112)	22	-607.2%	774	(648)	219.5%
Allowance for inventory obsolescence (provided)/reversed	(b)	(6,156)	28	NM	(6,244)	28	NM
Loss on disposal of subsidiary	(c)	(775)	-	NM	(14,730)	-	NM
Gain on liquidation of dormant subsidiaries	(d)	-	-	NM	1,118	-	NM
Impairment on property, plant and equipment	(e)	(2,688)	-	NM	(2,688)	-	NM
Impairment on intangible asset	(f)	(3,417)	-	NM	(3,417)	-	NM
(Loss)/gain on disposal or writeoff of property, plant and equipment		(391)	71	-650.7%	(391)	103	-479.6%

A.1(a) In 4Q2014, the Company made a doubtful debt provision for long overdue trade receivables of S\$112,000. Included in FY2014 is reversal of a doubtful debt provision made in FY2009 relating to a customer that had filed for bankruptcy in 2009. The Company has fully recovered all instalment payments from this customer and has therefore reversed the balance of this provision of S\$886,000 in relation to this customer in FY2014.

A.1(b) The allowance for inventory obsolescence of S\$6.2 million for slow moving inventory was driven primarily by a major customer discontinuing orders for older equipment in favor of next-generation platforms.

A.1(c) On 30 September 2014, the Company announced that it has entered into an agreement to dispose a 57.73% owned subsidiary, Microcircuit Technology (S) Pte Ltd ("MCT") for US\$3.0 million. The disposal was completed on 23 December 2014. In 3Q2014, an estimated loss provision of S\$13.96 million relating to the MCT asset held for sale has been recorded and included in "Other expenses". The finalised loss on disposal of the subsidiary is S\$14.7 million, thus an addition loss of S\$775,000 has been recorded in 4Q2014.

A.1(d) The Company liquidated a few dormant subsidiaries in FY2014. As a result of the liquidations, a gain has been realised due to differences in foreign currency translated amounts and merger reserve.

A.1(e) The impairment on property, plant and equipment of S\$2.7 million in 4Q2014 relates mainly to the vacant land and factory building in Malacca .

A.1(f) The impairment on intangible asset for capitalised development cost of S\$3.4 million was driven primarily by a major customer discontinuing orders for older equipment in favor of next-generation platforms.

A.1(g) The loss on disposal or write off of property, plant and equipment was mainly for equipment with net book value of S\$396,000 that are no longer being utilised. The disposal proceed was \$4,000.

### A.2 Raw Material and Other Consumables

	4Q2014 S\$'000	4Q2013 S\$'000	Change* %	FY2014 S\$'000	FY2013 S\$'000	Change* %
Changes in inventories of finished goods and work-in-progress	266	(1,152)	123.1%	337	5,560	-93.9%
Raw materials and consumables cost	(2,662)	(7,361)	63.8%	(17,198)	(34,392)	50.0%
Material cost before obsolescence	(2,396)	(8,513)	71.9%	(16,861)	(28,832)	41.5%
Allowance for inventory obsolescence (provided)/reversed	(6,156)	28	NM	(6,244)	28	NM
Total	(8,552)	(8,485)	-0.8%	(23,105)	(28,804)	19.8%

A significant portion of our finished goods and work-in-progress cost comprises materials and consumables cost. In line with the lower revenue, raw materials and consumables cost, after taking into consideration changes in inventories and excluding provisions made for inventory obsolescence, decreased from S\$8.5 million in 4Q2013 to S\$2.4 million in 4Q2014, representing a reduction of 71.9% and decreased from S\$28.8 million in FY2013 to S\$16.9 million in FY2014, representing a reduction of 41.5% .

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

	Note	Group		Company	
		31-Dec-14 S\$'000	Restated 31-Dec-13 S\$'000	31-Dec-14 S\$'000	31-Dec-13 S\$'000
<b>Non-current assets</b>					
Property, plant and equipment	B.1/B.8	6,163	32,086	61	61
Intangible assets	B.1/B.2	381	8,504	89	87
Subsidiaries	B.1/B.3	-	-	10,194	42,423
Deferred tax asset	B.4	1,796	-	328	-
		<b>8,340</b>	<b>40,590</b>	<b>10,672</b>	<b>42,571</b>
<b>Current assets</b>					
Inventories	B.1/B.5	9,057	15,454	-	-
Trade and other receivables	B.1	7,482	10,722	4,374	5,381
Cash and bank balances	B.6	11,152	22,370	3,328	3,548
		<b>27,691</b>	<b>48,546</b>	<b>7,702</b>	<b>8,929</b>
<b>Total assets</b>		<b>36,031</b>	<b>89,136</b>	<b>18,374</b>	<b>51,500</b>
<b>Equity Attributable to Owners of the Company</b>					
Share capital	1(d)(i)	39,737	39,737	39,737	39,737
Other reserves	1(d)(i)	(13,868)	(15,597)	(461)	(680)
Accumulated profits	1(d)(i)/B.8	(7,942)	26,661	(24,525)	7,949
	1(d)(i)	<b>17,927</b>	<b>50,801</b>	<b>14,751</b>	<b>47,006</b>
Non-controlling interests		-	14,331	-	-
Total equity		<b>17,927</b>	<b>65,132</b>	<b>14,751</b>	<b>47,006</b>
<b>Non-current liabilities</b>					
Financial liabilities	1(b)(ii)	-	605	-	-
Trade and other payables		-	404	-	-
Deferred tax liabilities	B.4	49	603	-	87
		<b>49</b>	<b>1,612</b>	<b>-</b>	<b>87</b>
<b>Current liabilities</b>					
Trade and other payables	B.1/B.7	15,490	19,240	3,542	3,668
Financial liabilities	1(b)(ii)	202	999	-	-
Current tax payable		2,164	1,907	81	739
Provisions		199	246	-	-
		<b>18,055</b>	<b>22,392</b>	<b>3,623</b>	<b>4,407</b>
<b>Total liabilities</b>		<b>18,104</b>	<b>24,004</b>	<b>3,623</b>	<b>4,494</b>
<b>Total equity and liabilities</b>		<b>36,031</b>	<b>89,136</b>	<b>18,374</b>	<b>51,500</b>

- B.1** On 30 September 2014, the Company announced that it has entered into an agreement to dispose of a 57.73% owned subsidiary, Microcircuit Technology (S) Pte Ltd ("MCT"). The disposal was completed on 23 December 2014. As a result, property, plant and equipment, intangible assets, inventories, trade and other receivables and trade and other payables have reduced mainly due to the disposal of MCT. An impairment on property, plant and equipment of S\$2.7 million was provided in 4Q2014 mainly for the vacant land and factory building in Malacca.
- B.2** The reduction in intangible assets is mainly due to an impairment provision of S\$3.4 million provided in 4Q2014 for capitalised development cost. This is driven primarily by a major customer discontinuing orders for older equipment in favor of next-generation platforms and the disposal of MCT.
- B.3** In the books of the Company, the investment in subsidiaries has been reduced due to the disposal of MCT.
- B.4** As a result of the losses incurred during the year, deferred tax asset has been recorded and the deferred tax liability brought forward from previous years has been reversed out.
- B.5** An allowance for inventory obsolescence of S\$6.2 million was made in 4Q2014. This is driven by a major customer discontinuing orders for older equipment in favor of next-generation platforms. The decline in inventory reflects a drop in demand while the customer awaits delivery of AEM's newer platforms.
- B.6** Cash and bank balances reduced mainly due to payments made for trade purchases, expenditures relating to the equipment and facilities installation that were due and development cost incurred.
- B.7** The reduction in trade and other payables was mainly due to payments made for trade purchases, expenditures relating to the equipment and facilities installations that were due and the disposal of MCT.
- B.8** The retained earnings as at 1 January 2013 and 1 January 2014 have been restated with a credit of S\$935,000 due to elimination entries relating to several property, plant and equipment that should not have been recorded at consolidated financial statement level. These elimination entries were mainly related to impairment and depreciation expenses of those property, plant and equipment.

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

	31-Dec-14 S\$'000	31-Dec-13 S\$'000
<b>Amount repayable in one year or less, or on demand</b>		
- Secured bank loan	202	999
	<b>202</b>	<b>999</b>
<b>Amount repayable after one year</b>		
- Secured bank loan	-	605
<b>Total</b>	<b>202</b>	<b>1,604</b>

The bank loan is secured by corporate guarantees from AEM Holdings Ltd and a fixed and floating charge on the accounts receivables of a subsidiary of the Company.

### 1(c). Consolidated Cash Flow Statement

	Note	4Q2014 S\$'000	4Q2013 S\$'000	FY2014 S\$'000	FY2013 S\$'000
<b>Operating activities</b>					
(Loss)/profit before tax from continuing operations		(15,675)	(1,134)	(29,442)	1,652
Loss before tax from discontinued operations		(2,908)	(3,435)	(12,636)	(8,686)
<b>Loss before tax</b>		<b>(18,583)</b>	<b>(4,569)</b>	<b>(42,078)</b>	<b>(7,034)</b>
Adjustments for:					
Depreciation and amortisation		1,435	984	5,387	4,191
Impairment on property, plant and equipment		2,688	-	2,688	-
Loss/(gain) on disposal of property, plant and equipment		391	(69)	391	(106)
Impairment on intangible asset		3,417	-	3,417	-
Loss on disposal/liquidation of subsidiaries		775	-	13,612	-
Allowance made for inventories obsolescence		6,156	327	6,257	-
Allowance made for doubtful debts and bad debts written off/(recovered)		112	(22)	(774)	218
Interest income		(12)	(24)	(52)	(230)
Interest expense		1	14	33	66
Provision made/(reversed) for warranties		11	(371)	(3)	(108)
Performance shares expense		-	-	255	-
<b>Operating loss before working capital changes</b>		<b>(3,609)</b>	<b>(3,730)</b>	<b>(10,867)</b>	<b>(3,003)</b>
Changes in working capital:					
Inventories		(1,140)	664	(1,138)	(7,304)
Trade and other receivables		988	3,904	2,542	10,404
Trade and other payables		3,748	(5,157)	1,191	7,124
<b>Cash (used in)/generated from operations</b>		<b>(13)</b>	<b>(4,319)</b>	<b>(8,272)</b>	<b>7,221</b>
Government grant received		63	-	63	147
Income taxes refunded/(paid)		122	(287)	61	(554)
<b>Cash flows (used in)/from operating activities</b>		<b>172</b>	<b>(4,606)</b>	<b>(8,149)</b>	<b>6,814</b>
<b>Investing activities</b>					
Interest income		12	24	52	230
Purchase of property, plant and equipment		(1,145)	(591)	(5,531)	(18,128)
Proceeds from sale of property, plant and equipment		4	212	4	371
Acquisition of intangible assets		(111)	(799)	(2,023)	(5,136)
Proceeds from disposal of subsidiary (see note)		3,014	-	3,014	-
<b>Cash flows from/(used in) investing activities</b>		<b>1,773</b>	<b>(1,154)</b>	<b>(4,485)</b>	<b>(22,663)</b>

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

	Note	4Q2014 S\$'000	4Q2013 S\$'000	FY2014 S\$'000	FY2013 S\$'000
<b>Financing activities</b>					
Interest expense		(1)	(14)	(33)	(66)
Proceeds from subsidiary's shares issuance		-	1,322	2,642	1,321
Repayment of financial liabilities		(224)	(392)	(973)	(1,047)
Dividend payment		-	-	-	(1,571)
Purchase of treasury shares		-	-	(36)	(801)
<b>Cash flows (used in)/from financing activities</b>		<b>(225)</b>	<b>916</b>	<b>1,600</b>	<b>(2,164)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1,720</b>	<b>(4,844)</b>	<b>(11,033)</b>	<b>(18,013)</b>
Cash and cash equivalents at beginning of period		9,361	27,487	22,370	39,547
Effect of exchange rate changes on balances held in foreign currencies		71	(273)	(186)	836
<b>Cash and cash equivalents at end of period</b>		<b>11,152</b>	<b>22,370</b>	<b>11,152</b>	<b>22,370</b>

**Explanatory Notes on Cash Flow Statement**

Cash and bank balances reduced in 4Q2014 and FY2014 mainly due to payments of expenditures relating to the equipment and facilities installation and operating losses. The proceeds from disposal of subsidiary as presented is based on the net consideration of S\$3,650,000 less S\$643,000 cash in MCT as at disposal completion date.

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

	Share capital S\$'000	Treasury share reserve S\$'000	Capital reserve S\$'000	Share compensation reserve S\$'000	Merger reserve S\$'000	Currency translation reserve S\$'000	Retained earnings S\$'000	Total attributable to shareholders S\$'000	Non-Controlling Interest S\$'000	Total Equity S\$'000
<b>Group</b>										
<b>As at 1 Jan 2013 (see note A)</b>	39,737	(578)	214	230	139	(16,259)	32,305	55,788	16,141	71,929
<b>Changes in equity for the period</b>										
Total comprehensive income/(loss)	-	-	-	-	-	532 *	(467)	65	(594)	(529)
<b>As at 31 Mar 2013</b>	39,737	(578)	214	230	139	(15,727)	31,838	55,853	15,547	71,400
Own shares acquired	-	(356)	-	-	-	-	-	(356)	-	(356)
Performance shares issuance	-	469	-	-	-	-	-	469	-	469
Dividend payment	-	-	-	-	-	-	(1,571)	(1,571)	-	(1,571)
Total comprehensive income/(loss)	-	-	-	-	-	124 *	188	312	(789)	(477)
<b>As at 30 Jun 2013</b>	39,737	(465)	214	230	139	(15,603)	30,455	54,707	14,758	69,465
Own shares acquired	-	(445)	-	-	-	-	-	(445)	-	(445)
Total comprehensive loss	-	-	-	-	-	(25)*	(644)	(669)	(1,020)	(1,689)
<b>As at 30 Sep 2013</b>	39,737	(910)	214	230	139	(15,628)	29,811	53,593	13,738	67,331
Own shares acquired	-	-	-	-	-	-	-	-	-	-
Total comprehensive income/(loss)	-	-	-	-	-	358 *	(3,150)	(2,792)	(728)	(3,520)
Acquisition of shares in subsidiary	-	-	-	-	-	-	-	-	1,321	1,321
<b>As at 31 Dec 2013</b>	39,737	(910)	214	230	139	(15,270)	26,661	50,801	14,331	65,132

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

Group	Share capital S\$'000	Treasury share reserve S\$'000	Capital reserve S\$'000	Share compensation reserve S\$'000	Merger reserve S\$'000	Currency translation reserve S\$'000	Retained earnings S\$'000	Total attributable to shareholders S\$'000	Non-Controlling Interest S\$'000	Total Equity S\$'000
<b>As at 1 Jan 2014 (see note A)</b>	<b>39,737</b>	<b>(910)</b>	<b>214</b>	<b>230</b>	<b>139</b>	<b>(15,270)</b>	<b>26,661</b>	<b>50,801</b>	<b>14,331</b>	<b>65,132</b>
<b>Changes in equity for the period</b>										
Own shares acquired	-	(36)	-	-	-	-	-	(36)	-	(36)
Performance Share Plan shares issuance	-	255	-	-	-	-	-	255	-	255
Acquisition of shares in subsidiary	-	-	-	-	-	-	-	-	1,321	1,321
Total comprehensive income/(loss)	-	-	-	-	-	87 *	(1,729)	(1,642)	(1,197)	(2,839)
<b>As at 31 Mar 2014</b>	<b>39,737</b>	<b>(691)</b>	<b>214</b>	<b>230</b>	<b>139</b>	<b>(15,183)</b>	<b>24,932</b>	<b>49,378</b>	<b>14,455</b>	<b>63,833</b>
Acquisition of shares in subsidiary	-	-	-	-	-	-	-	-	1,321	1,321
Total comprehensive income/(loss)	-	-	-	-	-	206 *	(3,274)	(3,068)	(1,510)	(4,578)
<b>As at 30 Jun 2014</b>	<b>39,737</b>	<b>(691)</b>	<b>214</b>	<b>230</b>	<b>139</b>	<b>(14,977)</b>	<b>21,658</b>	<b>46,310</b>	<b>14,266</b>	<b>60,576</b>
Disposal of dormant subsidiaries	-	-	-	-	(139)	(979)	-	(1,118)	-	(1,118)
Total comprehensive income/(loss)	-	-	-	-	-	62 *	(14,412)	(14,350)	(1,339)	(15,689)
<b>As at 30 Sep 2014</b>	<b>39,737</b>	<b>(691)</b>	<b>214</b>	<b>230</b>	<b>-</b>	<b>(15,894)</b>	<b>7,246</b>	<b>30,842</b>	<b>12,927</b>	<b>43,769</b>
Disposal of subsidiary	-	-	-	-	-	3,690	-	3,690	(12,269)	(8,579)
Total comprehensive loss	-	-	-	-	-	(1,417)*	(15,188)	(16,605)	(658)	(17,263)
<b>As at 31 Dec 2014</b>	<b>39,737</b>	<b>(691)</b>	<b>214</b>	<b>230</b>	<b>-</b>	<b>(13,621)</b>	<b>(7,942)</b>	<b>17,927</b>	<b>-</b>	<b>17,927</b>

\* The net exchange difference arose mainly from translation of subsidiaries' USD-denominated net assets and liabilities.

Note (A) - The retained earnings as at 1 January 2013 and 1 January 2014 have been restated with a credit of S\$935,000 due to elimination entries relating to several property, plant and equipment that should not have been recorded at consolidated financial statement level. These elimination entries were mainly related to impairment and depreciation expenses of those property, plant and equipment.

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

Company	Share capital S\$'000	Treasury share reserve S\$'000	Share compensation reserve S\$'000	Retained earnings S\$'000	Total attributable to shareholders of the Company S\$'000
<b>As at 1 Jan 2013</b>	<b>39,737</b>	<b>(578)</b>	<b>230</b>	<b>5,304</b>	<b>44,693</b>
<b>Changes in equity for the period</b>					
Total comprehensive income	-	-	-	20	20
<b>As at 31 Mar 2013</b>	<b>39,737</b>	<b>(578)</b>	<b>230</b>	<b>5,324</b>	<b>44,713</b>
Own shares acquired	-	(356)	-	-	(356)
Performance Share Plan	-	469	-	-	469
Dividend payment	-	-	-	(1,571)	(1,571)
Total comprehensive loss	-	-	-	(154)	(154)
<b>As at 30 Jun 2013</b>	<b>39,737</b>	<b>(465)</b>	<b>230</b>	<b>3,599</b>	<b>43,101</b>
Own shares acquired	-	(445)	-	-	(445)
Total comprehensive loss	-	-	-	(198)	(198)
<b>As at 30 Sep 2013</b>	<b>39,737</b>	<b>(910)</b>	<b>230</b>	<b>3,401</b>	<b>42,458</b>
Total comprehensive income	-	-	-	4,548	4,548
<b>As at 31 Dec 2013</b>	<b>39,737</b>	<b>(910)</b>	<b>230</b>	<b>7,949</b>	<b>47,006</b>

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

	Share capital S\$'000	Treasury share reserve S\$'000	Share compensatio n reserve S\$'000	Retained earnings S\$'000	Total attributable to shareholders of the Company S\$'000
<b>Company</b>					
<b>As at 1 Jan 2014</b>	<b>39,737</b>	<b>(910)</b>	<b>230</b>	<b>7,949</b>	<b>47,006</b>
<b>Changes in equity for the period</b>					
Own shares acquired	-	(36)	-	-	(36)
Performance Shares Plan shares issuance	-	255	-	-	255
Total comprehensive loss	-	-	-	(122)	(122)
<b>As at 31 Mar 2014</b>	<b>39,737</b>	<b>(691)</b>	<b>230</b>	<b>7,827</b>	<b>47,103</b>
Total comprehensive loss	-	-	-	(246)	(246)
<b>As at 30 Jun 2014</b>	<b>39,737</b>	<b>(691)</b>	<b>230</b>	<b>7,581</b>	<b>46,857</b>
Total comprehensive loss	-	-	-	(32,382)	(32,382)
<b>As at 30 Sep 2014</b>	<b>39,737</b>	<b>(691)</b>	<b>230</b>	<b>(24,801)</b>	<b>14,475</b>
Total comprehensive income	-	-	-	276	276
<b>As at 31 Dec 2014</b>	<b>39,737</b>	<b>(691)</b>	<b>230</b>	<b>(24,525)</b>	<b>14,751</b>

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

	As at 31-Dec-14		As at 31-Dec-13	
	No. of shares	S\$'000	No. of shares	S\$'000
<b>Issued and fully paid</b>				
At 1 January	451,126,760	39,737	451,126,760	39,737
Less treasury shares balance	(7,650,000)	(691)	(10,000,000)	(910)
<b>Total issued shares less treasury shares reserve at end of period</b>	<b>443,476,760</b>	<b>39,046</b>	<b>441,126,760</b>	<b>38,827</b>

	As at 31-Dec-14		As at 31-Dec-13	
	No. of shares	S\$'000	No. of shares	S\$'000
<b>Treasury shares</b>				
At 1 January	(10,000,000)	(910)	(7,023,000)	(578)
Less purchase of own shares	(450,000)	(36)	(8,677,000)	(801)
Issue of treasury shares to management under Performance Share Plan	2,800,000	255	5,700,000	469
<b>Treasury shares balance at end of year</b>	<b>(7,650,000)</b>	<b>(691)</b>	<b>(10,000,000)</b>	<b>(910)</b>

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

Nil

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

As at 31 December 2014, the treasury shares balance was 7,650,000 (31 December 2013: 10,000,000). The total number of issued ordinary shares excluding treasury shares at the end of the year was 443,476,760 (31 December 2013: 441,126,760).

There was no sale, transfer or cancellation of treasury shares during the year.

## 2. Statement on Audit

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

The figures have not been audited or reviewed.

## 3. Auditors' Report

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

Not applicable.



#### **4. Accounting Policies**

*Whether the same accounting policies and methods of computations as in the issuer's most recently audited annual financial statements have been applied*

Other than the adoption of the new and revised Financial Reporting Standards (FRSs) as mentioned in paragraph 5 below, there were no changes in accounting policies and methods of computation adopted in the financial statements for the current reporting period as compared to the most recent audited annual financial statements as at 31 December 2013.

#### **5. Changes in Accounting Policies**

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

The Group and the Company have reviewed the applicable new and revised Financial Reporting Standards (FRSs) and the Interpretations of FRSs that became effective for accounting periods beginning 1 January 2014.

The adoption of these new and revised FRSs does not have a material impact to the Group financial statements.

#### **6. Earnings Per Share**

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

	Group		Group	
	4Q2014	4Q2013	FY2014	FY2013
(i) EPS based on weighted average number of ordinary shares in issue	-3.70 cents	-1.03 cents	-9.02 cents	-1.78 cents
Weighted average number of shares in issue	443,476,760	445,548,825	442,874,755	444,590,742
(ii) EPS based on a fully diluted basis	-3.70 cents	-1.03 cents	-9.02 cents	-1.78 cents
Weighted average number of shares adjusted for the effect of dilutive potential ordinary shares arising from the exercise of share options	443,476,760	445,548,825	442,874,755	444,590,742

#### **7. Net Asset Value Per Share**

	Group		Company	
	31-Dec-14	31-Dec-13	31-Dec-14	31-Dec-13
Net asset value per share	4.0 cents	14.8 cents	3.3 cents	10.7 cents

Net asset value per share is calculated based on the existing issued share capital less treasury shares of 443,476,760 ordinary shares as at 31 December 2014 (31 December 2013: 441,126,760 shares). The decline in net asset value per share was mainly due to the loss after tax recorded in FY2014 and the loss relating to the disposal of MCT.

## 8(a). Group Performance Review

### Analysis of Consolidated Income Statement

	Quarterly Results			YTD Results		
	4Q2014	4Q2013	Change	FY2014	FY2013	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Equipment Systems (ESS)	3,641	9,333	-61.0%	22,544	37,237	-39.5%
Precision Components (PCS)	1,441	1,735	-16.9%	7,563	7,293	3.7%
Plating & Other Services (PLT)	166	121	37.2%	753	1,113	-32.3%
Overall	5,248	11,189	-53.1%	30,860	45,644	-32.4%

The Group reported lower sales from its Equipment Systems ("ESS") business mainly due to lower demand for its equipment and kits. Sales for ESS were lower by 61.0% decreasing from S\$9.3 million in 4Q2013 to S\$3.6 million in 4Q2014 and 39.5% from S\$37.2 million in FY2013 to S\$22.5 million in FY2014.

Sales from the Precision Components ("PCS") business declined from S\$1.7 million in 4Q2013 to S\$1.4 million in 4Q2014, representing a reduction of 16.9%. On a full year basis, sales rose by 3.7% from S\$7.3 million in FY2013 to S\$7.6 million in FY2014 mainly due to higher demand for its products and services.

Plating and Other Services reported revenue increase of 37.2% as revenue rose from S\$121,000 in 4Q2013 to S\$166,000 in 4Q2014 but decreased by 32.3% from S\$1.1 million in FY2013 to S\$753,000 in FY2014 mainly due to reduction in orders.

As a result, the Group's total revenue of S\$5.2 million in 4Q2014, was 53.1% lower compared to the total revenue of S\$11.2 million reported in 4Q2013. Similarly, the Group's aggregate revenue for FY2014 which amounted to S\$30.9 million, was 32.4% lower than the revenue of S\$45.6 million reported for FY2013.

In line with the lower revenue, raw materials and consumables costs were also lower this quarter. After taking into consideration the changes in inventories and excluding provisions made for inventory obsolescence, raw materials and consumables costs decreased from S\$8.5 million in 4Q2013 to S\$2.4 million in 4Q2014, representing a reduction of 71.9%. For the full year ended 31 December, raw materials and consumables costs were lower by 41.5% from S\$28.8 million in FY2013 to S\$16.9 million in FY2014.

Staff costs increased by 33.3% from S\$2.5 million in 4Q2013 to S\$3.3 million in 4Q2014 and 26.2% from S\$8.9 million in FY2013 to S\$11.2 million in FY2014. This was mainly due to more staff being employed to strengthen the engineering and field service team in the ESS business. Excluded from 4Q2013 and FY2013 was a portion of the engineering staff cost relating to equipment development projects of about S\$220,000 and S\$880,000 respectively which were capitalised.

Depreciation cost was relatively unchanged comparing 4Q2014 and 4Q2013 but declined by 8.3% from S\$1.1 million in FY2013 to S\$1.0 million in FY2014 due mainly to the lower average carrying amount of property, plant and equipment.

Amortisation of intangible assets increased from S\$281,000 in FY2013 to S\$890,000 in FY2014 mainly due to the amortisation of equipment development costs. An impairment on intangible asset for capitalised development cost of S\$3.4 million was driven primarily by a major customer discontinuing orders for older equipment in favor of next-generation platforms. As a result of the impairment made, amortisation of intangible assets in 4Q2014 reduced to S\$60,000.

Other expenses of S\$25.3 million in FY2014 included S\$14.7 million pertaining to loss on disposal of subsidiary, S\$2.7 million for property, plant and equipment impairment provision mainly for the vacant land and factory building in Malacca and S\$3.4 million impairment provision for capitalised equipment projects development cost. The balance of the "Other expenses" comprising fixed operating costs remained relatively unchanged in 4Q2014 and FY2014.

In 4Q2014, the Group recorded a deferred tax liability reversal and deferred tax asset amounting to S\$2.2 million mainly arising from the losses in FY2014. As a result of the above, the Group reported a loss after tax excluding loss from discontinued operations of S\$13.5 million in 4Q2014 and S\$27.3 million in FY2014 respectively. Inclusive of the loss arising from the discontinued operations, the net loss would be S\$16.4 million and S\$39.9 million in 4Q2014 and FY2014 respectively.

### Analysis of Statement of Financial Position

As at 31 December 2014, the Group had a cash balance of S\$11.2 million compared to its financial liabilities of S\$202,000.

The reduction in cash and bank balances was mainly due to utilisation of cash for the payment of trade purchases, expenditures relating to the installation of equipment and facilities and equipment development costs incurred.

### Confirmation By SGX-ST To Exclude MCT Losses For The Watch-List Test Under Listing Rule 1311

Pursuant to Listing Rule 1311 of The Singapore Exchange Securities Trading Limited ("SGX-ST"), a company with 3 consecutive years of losses and an average daily market capitalisation of less than S\$40 million over the last 120 market trading days shall be placed in the Watch-List of SGX-ST. The Company has written to SGX-ST and received confirmation that the losses of MCT in FY2012 and FY2013 can be excluded from its financial results for the purpose of Listing Rule 1311. The justification provided by the Company to SGX-ST was that the Company would have been profitable if not for the losses incurred by its subsidiary, MCT, which the Company has completed its disposal on 23 December 2014. If the losses of MCT in FY2012 and FY2013 were to be excluded, the Company would have reported profits before tax of S\$2.3 million and S\$1.7 million in FY2012 and FY2013 respectively.

### **8(b). Discontinued Operations**

On 30 September 2014, the Company announced that it has entered into an agreement to dispose a 57.73% owned subsidiary, Microcircuit Technology (S) Pte Ltd ("MCT"). The disposal has been completed on 23 December 2014.

(i) The financial results of discontinued operations in FY2014 are as set out below:

	FY2014	FY2013
	S\$'000	S\$'000
Revenue	4,314	10,145
Other income	550	1,484
	<b>4,864</b>	<b>11,629</b>
Changes in inventories of finished goods and work-in-progress	234	(477)
Raw materials and other consumables	(3,245)	(5,822)
Staff costs	(4,493)	(4,874)
Depreciation of property, plant and equipment	(3,256)	(2,714)
Amortisation of intangible assets	(241)	(105)
Other expenses	(6,477)	(6,280)
Finance expenses	(22)	(43)
<b>Loss for the year</b>	<b>(12,636)</b>	<b>(8,686)</b>

	FY2014	FY2013
Weighted average number of shares in issue	442,874,755	444,590,742
Loss per share based on a fully diluted basis	-2.9 cents	-2.0 cents

(ii) The net cash flows related to the subsidiary that has been disposed are as follows:

	FY2014	FY2013
	S\$'000	S\$'000
Operating activities	(7,272)	6,129
Investing activities	(5,628)	(21,241)
Financing activities	5,621	2,359
Effect of exchange rate changes on balances held in foreign currencies	94	514
<b>Net cash outflow</b>	<b>(7,185)</b>	<b>(12,239)</b>

### **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*

The Company had stated in its 3Q2014 financial results announcement that it expected to report its FY2014 financial result to be a loss.

## **10. Business Outlook**

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

FY2014 was a year of change for the Group as we drove a refinement of strategic focus on business growth. The divestment of MCT in the second half of FY2014 will release valuable resources to support growth investments in our core equipment and services business in FY2015.

In our equipment business, we are pleased to announce an initial order for our next-generation equipment with a key customer in early 2014. We expect to continue to grow this business in 2015 as our next-generation platforms and provide significant capability advances over our current products. Embedded within AEM are abundant engineering and technical knowledge that we have accumulated over the years. We are leveraging these assets to develop solutions in other industrial segments like solar, where we recently won S\$2.0 million of business. To date, we have received total equipment purchase orders amounting to S\$11.0 million for delivery up to the third quarter of FY 2015.

The business landscape in FY2015 is expected to be challenging as regional economies face growing uncertainty. However, we are confident of our ability to grow our business and deliver improved performance for our stakeholders. In line with this, we are expecting a profitable first quarter in FY2015, barring unforeseen circumstances.

## **11. Dividends**

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

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

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

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

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

### ***(c) Date payable***

NA

### ***(d) Books closure date***

NA

## **12. Statement on Dividends**

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

No dividend has been declared.

## **13. Interested Person Transactions**

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

No IPT mandate has been obtained.

## 14. 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 Company.

	Equipment Systems (ESS) S\$'000	Precision Components (PCS) S\$'000	Plating & Others (PLT) S\$'000	Consolidated Continuing Operations S\$'000
<b>2014</b>				
Revenue and expenses				
Total revenue from external	22,544	7,563	753	30,860
Inter-segment revenue	93	-	-	93
<b>Reportable segment revenue</b>	<b>22,637</b>	<b>7,563</b>	<b>753</b>	<b>30,953</b>
Depreciation and amortisation	(1,291)	(399)	(200)	(1,890)
Finance costs	(11)	0	-	(11)
Finance income	35	12	1	48
Tax expense	2,022	100	12	2,134
(Loss)/Profit for the year	(11,144)	(61)	(16,103)	(27,308)
Reportable segment assets	27,740	6,183	2,108	36,031
Reportable segment liabilities	15,171	2,651	282	18,104
<b>Other Segment Information</b>				
Expenditures for non-current assets	1,174	25	654	1,853
Other material non-cash items:				
Loss on disposal/liquidation of subsidiaries	-	-	(13,612)	(13,612)
(Impairment loss) / Reversal of :-				
- Doubtful debts	(1)	(5)	781	774
- Inventory obsolescence	(6,049)	(203)	8	(6,244)
- Property, plant and equipment, net	-	-	(2,688)	(2,688)
- Intangibles	(3,417)	-	-	(3,417)

	Equipment Systems (ESS) S\$'000	Precision Components (PCS) S\$'000	Plating & Others (PLT) S\$'000	Consolidated Continuing Operations S\$'000
<b>2013</b>				
Revenue and expenses				
Total revenue from external	37,238	7,293	1,113	45,644
Inter-segment revenue	511	713	-	1,224
<b>Reportable segment revenue</b>	<b>37,749</b>	<b>8,006</b>	<b>1,113</b>	<b>46,868</b>
Depreciation and amortisation	(666)	(429)	(277)	(1,372)
Finance costs	(23)	-	-	(23)
Finance income	154	1	0	155
Tax expense	(718)	(164)	(12)	(894)
Profit/(loss) for the year	1,815	(139)	(918)	758
Reportable segment assets	37,226	7,760	1,813	46,799
Reportable segment liabilities	13,514	2,569	347	16,430
<b>Other Segment Information</b>				
Expenditures for non-current assets	1,601	43	81	1,725
Other material non-cash items:				
Gain on disposal of property, plant and equipment	103	-	-	103
(Reversal) of / Impairment loss for:-				
- Doubtful debts	578	82	(12)	648
- Inventory obsolescence	(25)	(3)	-	(28)

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

Refer paragraph 8(a) for analysis of sales by business segments.

For the ESS business segment, the loss after tax was S\$11.1 million in FY2014. After excluding inventory obsolescence and intangible impairment provisions of S\$9.5 million, the net loss would be S\$1.6 million compared to a net profit of S\$1.8 million in FY2013. The loss was a result of the decline in equipment and kit sales coupled with higher development and staff cost. For the PCS business, it recorded a net loss of \$61,000 in FY2014 compared to the net loss of S\$139,000 in FY2013 mainly due to the lower external and inter-segment sales. In FY2014, the "Plating and Others" business segment included loss relating to the disposal and liquidation of subsidiaries of S\$13.6 million, impairment on property, plant and equipment mainly for the vacant land and factory building of S\$2.7 million and reversal of doubtful debt of S\$781,000. If the loss, impairment and doubtful debt reversal were to be excluded, the loss in FY2014 would be S\$213,000 compared to a loss of S\$918,000 in FY2013. This was mainly due to the reduction in sales and lower allocated common expenses.

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

	Group		
	FY2014 \$'000	FY2013 \$'000	Change* %
(a) Sales reported for first half year	17,693	20,962	-16%
(b) Net (loss)/profit for first half year	(1,248)	1,609	-178%
(c) Sales reported for second half year	13,167	24,682	-47%
(d) Net (loss) for second half year	(26,060)	(851)	NM

## **17. Person Occupying a Managerial Position**

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

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

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

Charles Cher Lew Siang  
Chief Executive Officer  
23 February 2015