

## HALF YEAR FINANCIAL STATEMENT ANNOUNCEMENT

### PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3), HALF-YEAR AND FULL YEAR RESULTS

The Board of Directors of AA Group Holdings Ltd. (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “**Group**”) for the half year ended 30 June (“**HY**”) 2016.

#### 1(a)(i) A consolidated statement of comprehensive income (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group		% change + / (-)
	HY2016 S\$ '000	HY2015 S\$ '000	
Revenue	7,889	6,966	13.25%
Cost of sales	(6,681)	(6,575)	1.61%
Gross profit	1,208	391	208.95%
Other operating income	197	570	-65.44%
Administrative expenses	(1,166)	(685)	70.22%
Other operating expenses	(278)	(28)	892.86%
Operating profit	(39)	248	-115.73%
Finance income	-	-	n.m.
Finance costs	(245)	(220)	11.36%
(Loss)/Profit before income tax	(284)	28	-1114.29%
Income tax	(40)	(61)	-34.43%
Net loss for the period attributable to equity holders of the Company	(324)	(33)	881.82%
Other comprehensive income/(loss)	89	(650)	-113.69%
Total comprehensive (loss) for the period attributable to equity holders of the Company	(235)	(683)	-65.59%

**n.m. – not meaningful**

**1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the consolidated statement of comprehensive income or in the notes to the consolidated statement of comprehensive income the current financial period reported on and the corresponding period of the immediately preceding financial year:**

Profit before income tax is determined after charging / (crediting) the following:

	Group		% change + / (-)
	HY2016 S\$ '000	HY2015 S\$ '000	
Cost of inventories sold	6,681	6,575	1.61%
Depreciation of property, plant and equipment	820	854	-3.98%
Amortisation of prepaid land lease payments	5	5	n.m.
Directors' remuneration	379	241	57.26%
Loss/(Gain) on foreign exchange	276	(248)	-211.29%
Rental of equipment – operating lease	-	-	n.m.
Loss / (Gain) on disposal of property, plant and equipment and leasehold land	-	26	n.m.
Staff costs	1,082	990	9.29%

**1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year**

	Group		Company	
	As at 30 June 2016 S\$ '000	As at 31 Dec 2015 S\$ '000	As at 30 June 2016 S\$ '000	As at 31 Dec 2015 S\$ '000
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property, plant and equipment	14,082	13,083	-	-
Prepaid land lease payments	440	442	-	-
Goodwill	507	-	-	-
Investment in subsidiaries	-	-	11,065	11,065
	15,029	13,525	11,065	11,065
<b>Current Assets</b>				
Inventories	4,029	3,485	-	-
Trade receivables	5,169	4,538	-	-
Other receivables and other current assets	1,403	1,699	26	16
Fixed deposits pledged	513	508	-	-
Cash and bank balance	898	1,847	6	15
	12,012	12,077	32	31
<b>Total Assets</b>	27,041	25,602	11,097	11,096
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to members of the Company</b>				
Share capital	12,516	12,516	12,516	12,516
Reserves	(1,427)	(1,192)	(2,435)	(2,170)
	11,089	11,324	10,081	10,346

Cont'd

	Group		Company	
	As at 30 June 2016 S\$ '000	As at 31 Dec 2015 S\$ '000	As at 30 June 2016 S\$ '000	As at 31 Dec 2015 S\$ '000
<b>Non-Current Liabilities</b>				
Term loans	720	751	-	-
Hire purchase creditors	1,210	729	-	-
Deferred taxation	2,017	1,962	-	-
	<u>3,947</u>	<u>3,442</u>	<u>-</u>	<u>-</u>
<b>Current Liabilities</b>				
Trade payables	3,614	3,085	-	-
Other payables and accruals	2,612	2,019	1,016	750
Due to a director (non-trade)	276	119	-	-
Hire purchase creditors	842	490	-	-
Term loans	76	74	-	-
Bills payables to banks	4,094	4,460	-	-
Bank overdrafts	491	589	-	-
	<u>12,005</u>	<u>10,836</u>	<u>1,016</u>	<u>750</u>
<b>Total Liabilities</b>	<u>15,952</u>	<u>14,278</u>	<u>1,016</u>	<u>750</u>
<b>Total Equity and Liabilities</b>	<u>27,041</u>	<u>25,602</u>	<u>11,097</u>	<u>11,096</u>

(b)(ii) In relation to the aggregate amount of the Group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:

The amount repayable in one year or less, or on demand

	As at 30 June 2016		As at 31 Dec 2015	
	Secured S\$ '000	Unsecured S\$ '000	Secured S\$ '000	Unsecured S\$ '000
Bills payable to banks and bank overdrafts	4,585	-	5,049	-
Term loans	76	-	74	-
Hire purchase creditors	842	-	490	-

The amount repayable after one year

	As at 30 June 2016		As at 31 Dec 2015	
	Secured S\$ '000	Unsecured S\$ '000	Secured S\$ '000	Unsecured S\$ '000
Term loans	720	-	751	-
Hire purchase creditors	1,210	-	729	-

#### Details of any collaterals

All of the Group's bank facilities were secured through a pledge of assets (including plant and machinery, motor vehicles, fixed deposits, and charges over the properties known as Lot 147, Lot 148 and Lot 149, Jalan PKNK 3/1, Kawasan Perusahaan Sungai Petani, 08000 Sungai Petani, Kedah, Malaysia) by the Group, corporate guarantee by the Company and joint and several personal guarantees provided by our Group's Executive Chairman, Jaimes Hsieh, and Managing Director, Julie Feng from the Malaysia subsidiary, Allied Advantage Sdn. Bhd.

**1(c) A consolidated statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

	<b>Group</b>	
	<b>HY2016 S\$ '000</b>	<b>HY2015 S\$ '000</b>
Cash flows from operating activities:		
Profit before income tax	(284)	28
Adjustments for:		
Depreciation of property, plant and equipment	820	854
Amortisation of prepaid land lease payments	5	5
Loss/(Gain) on disposal of property, plant and equipment and leasehold land	-	26
Unrealised gain on foreign exchange	(23)	(182)
Interest expense	239	209
Operating cash flow before working capital changes	757	940
Changes in working capital:		
Inventories	(524)	(682)
Trade and other receivables	(281)	1001
Trade and other payables	(329)	(288)
Due to a related party (trade)	-	-
Cash (used in)/generated from operating activities	(377)	971
Interest received	-	-
Interest paid	(239)	(209)
Income tax paid	(3)	(7)
Net cash (used in)/generated from operating activities	(619)	755
Cash flows from investing activities:		
Purchase of property, plant and equipment (a)	(1,735)	(207)
Proceeds from disposal of property, plant and equipment	-	14
Net cash used in investing activities	(1,735)	(193)
Cash flows from financing activities:		
Loan from shareholders	1,430	-
Due to a director	153	301
Decrease in bills payables	(407)	(689)
Repayment of hire purchase creditors (net)	349	(237)
Repayment of term loans	(36)	120
Proceeds from term loan	-	(96)
Net cash generated from/(used in) financing activities	1,489	(601)
Net decrease in cash and cash equivalents	(865)	(39)
Cash and cash equivalents at the beginning of period	1,258	(120)
Effects of exchange rate changes on balance of cash held in foreign currencies	14	(34)
Cash and cash equivalents at the end of period (b)	407	(193)

(a) During the financial period under review, certain property, plant and equipment were acquired by means of hire purchases which amounted to approximately S\$1,735,000 (2015: S\$207,000). Other property, plant and equipment amounting to S\$1,167,000 (2014: S\$342,000) were acquired by cash payment.

(b) For the purpose of consolidating the statement of cash flows, the cash and cash equivalents at the end of the corresponding period of the immediately preceding financial year comprise the following:

	<b>Group</b>	
	<b>As at 30 June 2016 S\$ '000</b>	<b>As at 30 June 2015 S\$ '000</b>
Cash and bank balances	898	431
(Less) Bank overdrafts	(491)	(624)
	407	(193)

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year**

**Group**

	<b>Share Capital</b>	<b>Merger Reserve</b>	<b>Translation Reserve</b>	<b>Retained Earnings</b>	<b>Total Equity</b>
	<b>S\$ '000</b>	<b>S\$ '000</b>	<b>S\$ '000</b>	<b>S\$ '000</b>	<b>S\$ '000</b>
Balance as at 1 January 2015	12,516	(6,478)	(2,651)	9,864	13,251
Net loss for the period	-	-	-	(33)	(33)
Other comprehensive income for the period	-	-	(651)	-	(651)
Total comprehensive income for the period	-	-	(651)	(33)	(684)
Balance as at 30 June 2015	12,516	(6,478)	(3,302)	9,831	12,567

	<b>Share Capital</b>	<b>Merger Reserve</b>	<b>Translation Reserve</b>	<b>Retained Earnings</b>	<b>Total Equity</b>
	<b>S\$ '000</b>	<b>S\$ '000</b>	<b>S\$ '000</b>	<b>S\$ '000</b>	<b>S\$ '000</b>
Balance as at 1 January 2016	12,516	(6,478)	(4,434)	9,720	11,324
Net profit for the period	-	-	-	(324)	(324)
Other comprehensive loss for the period	-	-	89	-	89
Total comprehensive loss for the period	-	-	89	(324)	(235)
Balance as at 30 June 2016	12,516	(6,478)	(4,345)	9,396	11,089

**Company**

	<b>Share Capital</b>	<b>Accumulated Losses</b>	<b>Total Equity</b>
	<b>S\$ '000</b>	<b>S\$ '000</b>	<b>S\$ '000</b>
Balance as at 1 January 2015	12,516	(1,835)	10,681
Net loss for the period	-	(157)	(157)
Other comprehensive loss for the period	-	-	-
Total comprehensive loss for the period	-	(157)	(157)
Balance as at 30 June 2015	12,516	(1,992)	10,524

	Share Capital S\$ '000	Accumulated Losses S\$ '000	Total Equity S\$ '000
Balance as at 1 January 2016	12,516	(2,170)	10,346
Net loss for the period	-	(265)	(265)
Other comprehensive loss for the period	-	-	-
Total comprehensive loss for the period	-	(265)	(265)
Balance as at 30 June 2016	12,516	(2,435)	10,081

**1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares, excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year**

There was no change in the Company's issued share capital during HY2016.

As at 30 June 2016 and 31 December 2015, the Company did not have any outstanding convertibles that may be converted into shares and did not have any treasury shares.

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year**

	As at 30 June 2016	As at 31 December 2015
Total number of issued shares (excluding treasury shares)	96,276,201	96,276,201

**1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on**

Not applicable as the Company does not have any treasury shares.

**2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)**

The figures have not been audited or reviewed by the Company's auditors.

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

Not applicable.

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

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation adopted in the Group's financial statements for the current reporting period as compared with the audited financial statements of the Group for the financial year ended 31 December 2015.

**5. 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**

Adoption of new or revised Financial Reporting Standards ("FRS") which are relevant to the Group and mandatory for the financial period beginning on or after 1 January 2016 are as follows:-

The Group has adopted all the new and revised FRS and interpretation of FRS that are relevant and effective for annual periods beginning 1 January 2016.

The adoption of these new/revised FRS and interpretation of FRS does not have a significant financial impact on the financial performance or financial position of the Group and of the Company. They did however give rise to additional disclosure including, in some cases, revision to accounting policies.

**6. Earnings/(Loss) per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	<b>Group</b>	
	<b>HY2016</b>	<b>HY2015</b>
Loss per share (S\$ cents)		
- Basic and fully diluted <sup>(1) (2)</sup>	(0.34)	(0.04)

**Notes:**

- (1) Loss per share was computed based on the weighted average number of issued shares in issue, being 96,276,201 ordinary shares.
- (2) As there was no potential dilutive instruments outstanding, the basic and fully diluted loss per share were the same for both HY2016 and 31 December 2015.

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares, excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year**

	<b>&lt;-----Group-----&gt;</b>		<b>&lt;-----Company-----&gt;</b>	
	<b>As at 30 June 2016</b>	<b>As at 31 December 2015</b>	<b>As at 30 June 2016</b>	<b>As at 31 December 2015</b>
Net asset value per share based on existing issued capital (excluding treasury shares) as at the end of the respective financial periods (S\$ cents) <sup>(1)</sup>	11.52	11.76	10.47	10.75

**Note:**

- (1) Computed based on 96,276,201 issued ordinary shares as at 30 June 2016 and 31 December 2015.

**8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on**

(a) The Group's revenue for HY2016 increased by approximately S\$0.92 million or 13.25% as compared to HY2015. The increase in revenue was mainly due from the Group's speaker products by approximately S\$0.78 million and contributed from construction revenue by approximately S\$0.14 million.

(b) Cost of sales for HY2016 increased by S\$0.11 million or 1.61%, as compared to HY2015 and this is mainly attributable in manufacturing cost, specifically in tooling cost and maintenance cost.

(c) The Group's other operating income for HY2016 decreased by approximately S\$0.37 million or 65.44% as compared to HY2015, mainly due to decreased of scraps sales.

(d) The Group's administrative expenses and other operating expenses increased by approximately S\$0.73 million or 102.52% approximately as compared to HY2015, mainly due to increase in directors' remuneration and loss on foreign exchange.

(e) The Group's finance costs increased by approximately S\$0.03 million or 11.36% as compared to HY2015, mainly due to increase of hire purchases.

(f) The Group's results before income tax for HY2016 loss by approximately S\$0.28 million or 1114.29%, mainly due to the increased in administrative expenses and decreased in other operating income.

(g) The Group's income tax expenses for HY2016 amounted to approximately S\$0.04 million and pertain to deferred tax liabilities arising from timing difference between depreciation and tax capital allowances.

(h) As at 30 June 2016, the net book value of the Group's property, plant and equipment and prepaid land lease payments was approximately S\$15.03 million. The foregoing constituted approximately 55.58% of the Group's total assets as at 30 June 2016.

(i) As at 30 June 2016, the current assets of the Group amounted to approximately S\$12.01 million, representing approximately 44.42% of the Group's total assets.

As at 30 June 2016, the Group's inventories amounted to approximately S\$4.03 million and constituted approximately 33.54% of the Group's total current assets. The Group's inventories comprised mainly of raw materials and semi-finished products of approximately S\$2.74 million and finished goods of approximately S\$1.29 million.

As at 30 June 2016, the Group's trade receivables amounted to approximately S\$5.17 million and other receivables amounted to approximately S\$1.40 million, representing approximately 43.03% and 11.68% respectively of the Group's total current assets. The increased in trade receivables during HY2016 were mainly due to the increase of revenue during the financial period.

The Group's cash and bank balances comprising cash on hand and cash at financial institutions amounted to approximately S\$0.90 million as at 30 June 2016.

As at 30 June 2016, fixed deposits of the Group amounting to approximately S\$0.51 million were pledged to banks as collateral for notes payable.

(j) As at 30 June 2016, the total current liabilities of the Group amounted to approximately S\$12 million, representing approximately 75.26% of the Group's total liabilities.

The increase in the Group's trade payables from approximately S\$3.09 million as at 31 December 2015 to approximately S\$3.61 million as at 30 June 2016 was mainly due to the purchase of raw materials for speaker parts and increase purchased of fixed assets.

Short-term borrowings of the Group, including hire purchase payables, amounted to approximately S\$5.50 million as at 30 June 2016 and represented approximately 45.84% of the Group's total current liabilities. These borrowings were used mainly for the Group's working capital purposes.

(k) The Group's shareholders' equity as at 30 June 2016 was approximately S\$11.09 million.

(l) In HY2016, the Group's operating cash flow before working capital changes was approximately S\$0.76 million and net cash generated from operating activities was approximately minus S\$0.38 million. This was mainly due to an increase in trade payable, inventories, and a decrease in trade and other receivables.

(m) The Group's net cash used in investing activities in HY2016 amounted to approximately S\$1.74 million. This was mainly attributable to the purchase of machinery and factory equipment for production purposes.



(n) The Group's net cash used in financing activities in HY2016 amounted to approximately S\$1.49 million. This was mainly attributable to the repayment of term loans and hire purchase creditors and decrease in bill payables.

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

Not applicable, there was no forecast or prospect statement previously disclosed to shareholders.

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

In light of the uncertain global and regional economic environment, as well as stiff competition from other players in the respective industries, the management of the Group maintains a cautious outlook and expects the business environment to remain highly challenging for the next 12 months.

In addition, the Group's expects its revenue contribution from iron ore trading to decrease in the next 12 months due to the significant reduction in market prices.

In 2016, the Group has entered into the building and construction business via the acquisition of Toko Construction Pte Ltd. The Group has completed the erection of two pairs of semi-detached houses recently. Although the building and construction business outlook and sentiment continue to be cautious in Singapore, the Group will continue to seek new projects and focus on operational excellence to overcome the market challenges.

**11. Dividend**

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

Any dividend declared for the current financial period reported on?

None.

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

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

None.

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

**12. If no dividend has been declared/recommended, a statement to that effect**

No dividend has been declared or recommended in respect of HY2016.

### 13. Summary of Interested Person Transactions for HY2016

The aggregate value of interested person transactions during HY2016 is as follows:

Name of interested person	Aggregate value of all interested person transactions for HY2016 (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (S\$'000)	Aggregate value of all interested person transactions for HY2016 conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) (S\$'000)
Audio Yoke Industrial Co. Limited	Nil	Nil

### 14. Undertakings pursuant to Rule 720(1)

The Company has procured undertakings from all its directors and executive officers in the format set out in Appendix 7H.

### 15. Negative Assurance Confirmation by Directors Pursuant to SGX Listing Rule 705(5)

We, Hsieh Kuo-Chuan and Yau Woon Foong being the two directors of the Company, do hereby confirm on behalf of the board of directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited interim financial statements of the Group for the half year ended 30 June 2016 (comprising the comprehensive income statement, balance sheet, cash flow statement and statement of changes in equity, together with the accompanying notes) presented in this announcement to be false or misleading in any material respect. A signed confirmation copy is kept in record.

On behalf of the Board,

Hsieh Kuo-Chuan  
Executive Chairman

Yau Woon Foong  
Executive Director

### BY ORDER OF THE BOARD

Hsieh Kuo-Chuan  
Executive Chairman  
12 August 2016

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Stamford Corporate Services Pte. Ltd. (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Sponsor has not independently verified the contents of this announcement.*

*This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.*

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