

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**”) 2015.

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 + / (-)
	HY2015 S\$ '000	HY2014 S\$ '000	
Revenue	6,966	8,116	-14.17%
Cost of sales	(6,575)	(7,358)	-10.64%
Gross profit	391	758	-48.42%
Other operating income	570	234	143.59%
Administrative expenses	(685)	(664)	3.16%
Other operating expenses	(28)	(2)	1,300.00%
Operating profit	248	326	-23.93%
Finance income	-	2	n.m.
Finance costs	(220)	(267)	-17.60%
Profit before income tax	28	61	-54.10%
Income tax	(61)	(97)	-37.11%
Net loss for the period attributable to equity holders of the Company	(33)	(36)	-8.33%
Other comprehensive (loss) / income	(650)	56	-1,263.10%
Total comprehensive (loss) / income for the period attributable to equity holders of the Company	(683)	20	-3,534.75%

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 + / (-)
	HY2015 S\$ '000	HY2014 S\$ '000	
Cost of inventories sold	6,575	7,358	-10.64%
Depreciation of property, plant and equipment	854	917	-6.84%
Amortisation of prepaid land lease payments	5	6	-11.88%
Directors' remuneration	241	177	36.21
(Gain) / Loss on foreign exchange	(248)	55	-550.91%
Rental of equipment – operating lease	-	2	n.m.
Loss / (Gain) on disposal of property, plant and equipment and leasehold land	26	(6)	-540.74%
Staff costs	990	1,031	-4.01%

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 2015 S\$ '000	As at 31 Dec 2014 S\$ '000	As at 30 June 2015 S\$ '000	As at 31 Dec 2014 S\$ '000
ASSETS				
Non-Current Assets				
Property, plant and equipment	14,098	15,178	-	-
Prepaid land lease payments	488	519	-	-
Investment in subsidiaries	-	-	11,065	11,065
	14,586	15,697	11,065	11,065
Current Assets				
Inventories	5,116	4,434	-	-
Trade receivables	4,226	5,240	-	-
Other receivables and other current assets	1,256	1,008	12	12
Fixed deposits pledged	540	567	-	-
Cash and bank balance	431	512	3	9
	11,569	11,761	15	21
Total Assets	26,155	27,458	11,080	11,086
EQUITY AND LIABILITIES				
Equity attributable to members of the Company				
Share capital	12,516	12,516	12,516	12,516
Reserves	51	734	(1,992)	(1,835)
	12,567	13,250	10,524	10,681

Cont'd

	Group		Company	
	As at 30 June 2015 S\$ '000	As at 31 Dec 2014 S\$ '000	As at 30 June 2015 S\$ '000	As at 31 Dec 2014 S\$ '000
Non-Current Liabilities				
Term loans	861	821	-	-
Hire purchase creditors	399	307	-	-
Deferred taxation	2,048	2,087	-	-
	3,308	3,215	-	-
Current Liabilities				
Trade payables	3,866	3,543	-	-
Other payables and accruals	722	719	556	405
Due to a director (non-trade)	20	282	-	-
Hire purchase creditors	317	335	-	-
Term loans	79	141	-	-
Bills payables to banks	4,652	5,341	-	-
Bank overdrafts	624	632	-	-
	10,280	10,993	556	405
Total Liabilities	13,588	14,208	556	405
Total Equity and Liabilities	26,155	27,458	11,080	11,086

(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 2015		As at 31 Dec 2014	
	Secured S\$ '000	Unsecured S\$ '000	Secured S\$ '000	Unsecured S\$ '000
Bills payable to banks and bank overdrafts	5,276	-	5,973	-
Term loans	317	-	141	-
Hire purchase creditors	79	-	335	-

The amount repayable after one year

	As at 30 June 2015		As at 31 Dec 2014	
	Secured S\$ '000	Unsecured S\$ '000	Secured S\$ '000	Unsecured S\$ '000
Term loans	861	-	821	-
Hire purchase creditors	399	-	307	-

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 Executive Chairman, Jaimes Hsieh, and Managing Director, Julie Feng.

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

	Group	
	HY2015 S\$ '000	HY2014 S\$ '000
Cash flows from operating activities:		
Profit before income tax	28	61
Adjustments for:		
Depreciation of property, plant and equipment	854	917
Amortisation of prepaid land lease payments	5	6
Loss/(Gain) on disposal of property, plant and equipment and leasehold land	26	(6)
Unrealised gain on foreign exchange	(182)	71
Interest income	-	(2)
Interest expense	209	252
Operating cash flow before working capital changes	940	1,299
Changes in working capital:		
Inventories	(682)	(410)
Trade and other receivables	1,001	649
Trade and other payables	(288)	(142)
Due to a related party (trade)	-	(211)
Cash generated from operating activities	971	1,185
Interest received	-	-
Interest paid	(209)	(252)
Income tax paid	(7)	(15)
Net cash generated from operating activities	755	918
Cash flows from investing activities:		
Purchase of property, plant and equipment (a)	(207)	(281)
Proceeds from disposal of property, plant and equipment	14	6
Net cash used in investing activities	(193)	(275)
Cash flows from financing activities:		
Due to a director	301	208
Decrease in bills payables	(689)	(638)
Repayment of hire purchase creditors (net)	(237)	(243)
Repayment of term loans	120	(97)
Proceeds from term loan	(96)	-
Net cash used in financing activities	(601)	(770)
Net decrease in cash and cash equivalents	(39)	(127)
Cash and cash equivalents at the beginning of period	(120)	(503)
Effects of exchange rate changes on balance of cash held in foreign currencies	(34)	63
Cash and cash equivalents at the end of period (b)	(193)	(567)

(a) During the financial period under review, certain property, plant and equipment were acquired by means of hire purchases which amounted to approximately S\$207,000 (2014: S\$144,000). Other property, plant and equipment amounting to S\$342,000 (2014: S\$281,000) 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:

	Group	
	As at 30 June 2015 S\$ '000	As at 30 June 2014 S\$ '000
Cash and bank balances	431	365
(Less) Bank overdrafts	(624)	(932)
	(193)	(567)

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

	Share Capital S\$ '000	Merger Reserve S\$ '000	Translation Reserve S\$ '000	Retained Earnings S\$ '000	Total Equity S\$ '000
Balance as at 1 January 2014	12,516	(6,478)	(2,331)	9,873	13,580
Net loss for the period	-	-	-	(36)	(36)
Other comprehensive income for the period	-	-	56	-	56
Total comprehensive income for the period	-	-	56	(36)	20
Balance as at 30 June 2014	12,516	(6,478)	(2,275)	9,837	13,600
	Share Capital S\$ '000	Merger Reserve S\$ '000	Translation Reserve S\$ '000	Retained Earnings S\$ '000	Total Equity S\$ '000
Balance as at 1 January 2015	12,516	(6,478)	(2,651)	9,864	13,251
Net profit for the period	-	-	-	(33)	(33)
Other comprehensive loss for the period	-	-	(651)	-	(651)
Total comprehensive loss for the period	-	-	(651)	(33)	(684)
Balance as at 30 June 2015	12,516	(6,478)	(3,302)	9,831	12,567

Company

	Share Capital S\$ '000	Accumulated Losses S\$ '000	Total Equity S\$ '000
Balance as at 1 January 2014	12,516	(1,524)	10,992
Net loss for the period	-	(166)	(166)
Other comprehensive loss for the period	-	-	-
Total comprehensive loss for the period	-	(166)	(166)
Balance as at 30 June 2014	12,516	(1,690)	10,826

	Share Capital S\$ '000	Accumulated Losses S\$ '000	Total Equity S\$ '000
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

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 HY2015.

As at 30 June 2015 and 31 December 2014, 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 2015	As at 31 December 2014
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 2014.

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 2015 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 2015.

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

	Group	
	HY2015	HY2014
Loss per share (S\$ cents)		
- Basic and fully diluted ^{(1) (2)}	(0.04)	(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 HY2015 and HY2014.

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

	<-----Group----->		<-----Company----->	
	As at 30 June 2015	As at 31 December 2014	As at 30 June 2015	As at 31 December 2014
Net asset value per share based on existing issued capital (excluding treasury shares) as at the end of the respective financial periods (S\$ cents) ⁽¹⁾	13.12	13.76	10.93	11.09

Note:

- (1) Computed based on 96,276,201 issued ordinary shares as at 30 June 2015 and 31 December 2014.

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 HY2015 decreased by approximately S\$1.15 million or 14.17% as compared to HY2014. The decrease in revenue was mainly due to the decrease in revenue from the iron ore trading operations by approximately S\$1.17 million in HY2015 as compared to HY2014 and partially offset by the increase in revenue from the Group's speaker products by approximately S\$0.02 million in HY2015 as compared to HY2014 due to increase in demand.

(b) The Group's cost of sales decreased by approximately S\$0.78 million or 10.64% in HY2015 as compared to HY2014, primary due to a decrease in factory overheads.

(c) The Group's other operating income for HY2015 increased by approximately S\$0.34 million or 143.59% as compared to HY2014, mainly due to a gain on foreign exchange.

(d) The Group's administrative expenses and other operating expenses increased by approximately S\$0.05 million or 7.06% approximately as compared to HY2014, mainly due to increase in directors' remuneration.

(e) The Group's finance costs decreased by approximately S\$0.05 million or 17.60% as compare to HY2014, mainly due to repayment of bank borrowings during the financial period.

(f) The Group's profit before income tax for HY2015 decreased by approximately S\$0.03 million or 54.10% as compared to HY2014 mainly due to the decrease in operating profit by approximately S\$0.08 million, partially offset by a decrease in finance costs by approximately S\$0.05 million.

(g) The Group's income tax expenses for HY2015 amounted to approximately S\$0.06 million and pertain to deferred tax liabilities arising from timing difference between depreciation and tax capital allowances.

(h) The Group's other comprehensive loss increased by approximately S\$0.70 million or 1263.10%, mainly due to translation reserves as a result of the depreciation of the Malaysian Ringgit during the financial period.

(i) As at 30 June 2015, the net book value of the Group's property, plant and equipment and prepaid land lease payments was approximately S\$14.59 million. The foregoing constituted approximately 55.77% of the Group's total assets as at 30 June 2015.

(j) As at 30 June 2015, the current assets of the Group amounted to approximately S\$11.57 million, representing approximately 44.23% of the Group's total assets.

As at 30 June 2015, the Group's inventories amounted to approximately S\$5.12 million and constituted approximately 44.22% of the Group's total current assets. The Group's inventories comprised mainly of raw materials and semi-finished products of approximately S\$3.81 million and finished goods of approximately S\$1.30 million.

As at 30 June 2015, the Group's trade receivables amounted to approximately S\$4.23 million and other receivables amounted to approximately S\$1.26 million, representing approximately 36.56% and 10.86% respectively of the Group's total current assets. The decrease in trade and other receivables during HY2015 were mainly due to the collection of trade receivables during the financial period.

The Group's cash and bank balances comprising cash on hand and cash at financial institutions amounted to approximately S\$0.43 million as at 30 June 2015.

As at 30 June 2015, fixed deposits of the Group amounting to approximately S\$0.54 million were pledged to banks as collateral for notes payable.

(k) As at 30 June 2015, the total current liabilities of the Group amounted to approximately S\$10.28 million, representing approximately 75.65% of the Group's total liabilities.

Short-term borrowings of the Group, including hire purchase payables, amounted to approximately S\$5.67 million as at 30 June 2015 and represented approximately 55.18% of the Group's total current liabilities. These borrowings were used mainly for the Group's working capital purposes. The decrease in short-term borrowings during HY2015 was mainly due to the repayment of bill payables, term loans and hire purchase instalments during the financial period.

The increase in the Group's trade payables from approximately S\$3.54 million as at 31 December 2014 to approximately S\$3.87 million as at 30 June 2015 was due mainly to the purchase of raw materials for speaker parts and increase in sub-contractor costs during the financial period.

(l) As a result of the foregoing, the Group was in a net current assets position of approximately S\$1.29 million as at 30 June 2015 compared to a net current assets position of approximately S\$0.77 million as at 31 December 2014.

(m) The Group's shareholders' equity as at 30 June 2015 was approximately S\$12.63 million.

(n) In HY2015, the Group's operating cash flow before working capital changes was approximately S\$0.94 million and net cash generated from operating activities was approximately S\$0.97 million. This was mainly due to an increase in trade payable and inventories, partially offset by an increase in trade and other receivables.

(o) The Group's net cash used in investing activities in HY2015 amounted to approximately S\$0.19 million. This was mainly attributable to the purchase of machinery and factory equipment for production purposes.

(p) The Group's net cash used in financing activities in HY2015 amounted to approximately S\$0.60 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 in the audio and equipment manufacturing industry, 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.

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 HY2015.

13. Summary of Interested Person Transactions for HY2015

The aggregate value of interested person transactions during HY2015 is as follows:

Name of interested person	Aggregate value of all interested person transactions for HY2015 (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 HY2015 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. Negative Assurance Confirmation by Directors Pursuant to SGX Listing Rule 705(5)

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 2015 (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.

On behalf of the Board,

Hsieh Kuo-Chuan
Executive Chairman

BY ORDER OF THE BOARD

Hsieh Kuo-Chuan
Executive Chairman
14 August 2015

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch ("**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), this being the SGX-ST Listing Manual Section B: Rules of Catalyst. 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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