

AA GROUP HOLDINGS LTD.
(Company Registration No.: 200412064D)

FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF 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 financial year ended 31 December 2015 (“**FY2015**”). The financial information in respect of FY2015 presented in this announcement has not been audited.

1(a)(i) An income statement and the statement of comprehensive income together with a comparative statement for the corresponding year of the immediately preceding financial year

	Group		
	FY2015 S\$'000	FY2014 S\$'000	% change
Revenue	15,471	15,688	-1%
Cost of sales	(14,675)	(14,374)	2%
Gross profit	796	1,314	-39%
Other operating income	1,307	844	55%
Administrative costs	(1,594)	(1,410)	13%
Other operating costs	(34)	(128)	-73%
Finance income	15	17	-12%
Finance costs	(479)	(527)	-9%
Profit before income tax	11	110	-90%
Income tax expense	(154)	(120)	28%
Net loss attributable to equity holders of the Company	(143)	(10)	1330%
Other comprehensive losses			
- exchange differences on translation of foreign operations	(1,784)	(321)	455%
Total comprehensive losses for the year attributable to equity holders of the Company	(1,927)	(331)	482%

1(a)(ii) Breakdown and explanatory notes to the income statement

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

	Group		
	FY2015 S\$'000	FY2014 S\$'000	% change
Depreciation of property, plant and equipment	1,674	1,800	-7%
Amortisation of prepaid land lease payments	10	11	-9%
Directors' remuneration and fees	549	432	27%
Gain on foreign exchange (net)	(716)	(104)	588%
Rental of equipment	6	32	-81%
Loss/ (Gain) on disposal of plant and equipment	14	(35)	-140%
Inventories written down (included in cost of sales)	4	11	-64%
Interest expense	454	509	-11%
Staff costs	1,949	2,033	-4%

"n.m." denotes not meaningful

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	
	31 Dec 15 S\$'000	31 Dec 14 S\$'000	31 Dec 15 S\$'000	31 Dec 14 S\$'000
Non-Current Assets				
Property, plant and equipment	13,083	15,178	-	-
Prepaid land lease payments	442	518	-	-
Investments in subsidiaries	-	-	11,065	11,065
	13,525	15,696	11,065	11,065
Current Assets				
Inventories	3,485	4,435	-	-
Trade receivables	4,538	5,240	-	-
Other receivables, deposits and prepayments	1,699	1,007	17	13
Fixed deposits (pledged)	508	567	-	-
Cash at bank and on hand	1,847	512	15	9
	12,077	11,761	32	22
Total Assets	25,602	27,457	11,097	11,087
Current Liabilities				
Trade payables	3,086	3,543	-	-
Other payables and accruals	2,138	1,001	206	205
Amount due to subsidiary	-	-	545	201
Hire purchase creditors	490	335	-	-
Bank borrowings	5,123	6,114	-	-
	10,837	10,993	751	406
Non-Current Liabilities				
Term loans	751	821	-	-
Hire purchase creditors	729	307	-	-
Deferred taxation	1,962	2,086	-	-
	3,442	3,214	-	-
Total liabilities	14,279	14,207	751	406
Shareholders' Equity:				
Share capital	12,516	12,516	12,516	12,516
Reserves	(1,193)	734	(2,170)	(1,835)
Total Equity	11,323	13,250	10,346	10,681
Total liabilities and Equity	25,602	24,457	751	11,087

(b)(ii) Aggregate amount of group borrowings and debt securities**Amount payable in one year or less, or on demand**

	As at 31 December 2015		As at 31 December 2014	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Bills payable to banks	4,460	-	5,341	-
Term loans	74	-	141	-
Hire purchase creditors	490	-	335	-
Bank overdrafts	589	-	632	-

Amount payable after one year

	As at 31 December 2015		As at 31 December 2014	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Term loans	751	-	821	-
Hire purchase creditors	729	-	307	-

Details of any collateral

All of the Group's secured borrowings were obtained through a pledge of assets (including plant and machinery, motor vehicles, fixed deposits and the properties at Lot 147, Lot 148 and Lot 149, Sungai Petani, Kedah, Malaysia) by the Group and personal guarantees provided jointly and severally by the Company's Executive Chairman, Mr. Jaimes Hsieh, and Managing Director, Ms. Julie Feng.

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

	FY2015 S\$'000	Group FY2014 S\$'000
Cash Flows from Operating Activities:		
Profit before income tax	11	110
Loss / (Gain) on disposal of property, plant and equipment	14	(35)
Amortisation of prepaid land lease payments	10	11
Depreciation of property, plant and equipment	1,674	1,800
Property, plant and equipment written off	-	3
Net foreign exchange gain-unrealised	(318)	(148)
Inventories written down	4	11
Interest income	(15)	(17)
Interest expense	454	509
Operating cash flows before changes in working capital	1,834	2,244
Changes in working capital:		
Inventories	946	(335)
Trade and other receivables	1,513	447
Trade and other payables	842	300
Related party	-	(230)
Cash generated from operating activities	5,135	2,426
Cash generated from operations		
Interest received	15	17
Interest paid	(454)	(509)
Income tax paid	-	(23)
Net tax refund	5	-
Net cash generated from operating activities	4,701	1,911
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(361)	(323)
Proceeds from disposal of property, plant and equipment	30	42
Placement of fixed deposits with licensed banks	(15)	-
Net cash used in from investing activities	(346)	(281)

Cash Flows from Financing Activities:

Decrease in bills payable	(206)	(1,760)
Repayment of hire purchase creditors	(511)	(449)
Repayment of term loans	(132)	(224)
Proceeds of term loans	118	946
Proceeds from directors	251	-
Repayment to directors	(388)	282
Net cash used in financing activities	(868)	(1,205)

Net increase in cash and cash equivalents	3,487	425
Cash and cash equivalents at the beginning of the year	(120)	(503)
Effect of exchange rate changes on the balance of cash held in foreign currencies	(2,109)	(42)
Cash and cash equivalents at end of the year	1,258	(120)

	FY2015 S\$'000	FY2014 S\$'000
Cash and cash equivalents consist of:		
Cash and bank balances	1,847	512
Less: Bank overdrafts	(589)	(632)
	1,258	(120)

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 capitalization 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	Accumulated Earnings S\$'000	Total S\$'000
Balance as at 1 January 2015	12,516	(6,478)	(2,651)	9,863	13,250
Net loss for the year	-	-	-	(143)	(143)
Other comprehensive loss for the year	-	-	(1,784)	-	(1,784)
Total comprehensive loss for the year	-	-	(1,784)	(143)	(1,927)
Balance as at 31 December 2015	12,516	(6,478)	(4,435)	9,720	11,323

Group

	Share Capital	Merger Reserve	Translation Reserve	Accumulated Earnings	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2014	12,516	(6,478)	(2,330)	9,873	13,581
Net loss for the year	-	-	-	(10)	(10)
Other comprehensive loss for the year	-	-	(321)	-	(321)
Total comprehensive loss for the year	-	-	(321)	(10)	(331)
Balance as at 31 December 2014	12,516	(6,478)	(2,651)	9,863	13,250

Company

	Share Capital	Accumulated (Losses)	Total
	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2015	12,516	(1,835)	10,681
Net Loss for the year	-	(335)	(335)
Other comprehensive loss for the year	-	-	-
Total comprehensive loss for the year	-	(335)	(335)
Balance as at 31 December 2015	12,516	(2,170)	10,346

Company

	Share Capital	Accumulated (Losses)	Total
	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2014	12,516	(1,524)	10,992
Net Loss for the year	-	(311)	(311)
Other comprehensive loss for the year	-	-	-
Total comprehensive loss for the year	-	(311)	(311)
Balance as at 31 December 2014	12,516	(1,835)	10,681

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 in 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 FY2015.

The Company did not have any treasury shares or any outstanding convertibles that may be converted into shares as at both 31 December 2015 and 31 December 2014.

1(d)(iii) 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 31 December 2015	As at 31 December 2014
Total number of issued 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 did not have treasury shares during and as at the end of FY2015.

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard 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 Note 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as those of the audited financial statements 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.

The Group has adopted all the new and revised Singapore Financial Reporting Standards (FRS) and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning 1 January 2015.

The adoption of the new/revised Financial Reporting Standards and Interpretations of FRS does not result in any significant changes to the accounting policies of the Group and has no material effect on the amounts reported for the current and prior periods.

6. Earnings 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.

	<u>FY2015</u>	<u>FY2014</u>
Loss per share (Singapore cents)	0.15	0.01
- Basic and diluted basis ^{(1) (2)}		

Notes:

- (1) (Loss) / Earnings per share were calculated based on the weighted average number of issued shares in each of FY2015 and FY2014, being 96,276,201 ordinary shares.
- (2) As there was no potential dilutive instruments outstanding, the basic and dilutive (loss) / earnings per share were the same for both FY2015 and FY2014.

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

	Group		Company	
	As at 31 December 2015	As at 31 December 2014	As at 31 December 2015	As at 31 December 2014
Net asset value per ordinary share (Singapore cents) ⁽¹⁾	11.76	13.76	10.75	11.09

Note:

- (1) NAV per share were computed based on the issued share capital of 96,276,201 ordinary shares as at 31 December 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 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 FY2015 decreased by approximately S\$0.22 million or 1.38% as compared to FY2014. The decrease in revenue was mainly due to the decrease in revenue from the iron ore trading operations by approximately S\$1.27 million in FY2015 as compared to FY2014, and partially offset by the increase in revenue from the Group's speaker products by approximately S\$1.05 million in FY2015 as compared to FY2014 due to increase in demand.

(b) Gross profit for the financial year decreased by S\$0.52 million or 39.42%, as compared to the previous year and this is mainly attributable to a general increase in cost of sales, particularly in manufacturing cost and specifically in labour cost and maintenance cost.

(c) The Group's other operating income for FY2015 increased by approximately S\$0.46 million or 55% as compared to FY2014, mainly due to a gain on foreign exchange.

(d) The Group's profit before income tax for FY2015 decreased by S\$0.10 million or 89.64%, as compared to FY2014, which is mainly attributable to the decrease in gross profit by S\$0.52 million, partially offset by the increase in other operating income of S\$0.46 million and the increase in administrative costs and other operating costs of S\$0.90 million.

(e) The Group's income tax expenses for FY2015 amounted to approximately S\$0.15 million and pertain to deferred tax liabilities arising from timing difference between depreciation and tax capital allowances.

(f) As at 31 December 2015, the net book value of the Group's property, plant and equipment and prepaid land lease payments was approximately S\$13.53 million. The foregoing constituted 52.83% of the Group's total assets as at 31 December 2015.

(g) As at 31 December 2015, the current assets of the Group amounted to S\$12.08 million. This comprised of inventories of S\$3.49 million, trade receivables of S\$4.54 million, other receivables, deposits and prepayments of S\$1.70 million and fixed deposits (pledged) and cash at bank and in hand of S\$2.35 million. Current assets constituted 47.17% of the Group's total assets as at 31 December 2015.

The Group's inventories amounted to S\$3.49 million, representing 28.86% of the Group's total current assets

The Group's trade receivables amounted to S\$4.54 million, representing 37.58% of the Group's current assets. The Group's cash and bank balances comprising cash on hand and cash at financial institutions amounted to approximately S\$1.85 million as at 31 December 2015. The decrease in trade and other receivables during HY2015 were mainly due to inactivity of the iron ore business during the financial period.

The Group's fixed deposits of S\$0.51 million as at 31 December 2015 have been pledged to banks as collateral for notes payable.

(h) As at 31 December 2015, the total current liabilities of the Group amounted to S\$10.84 million, representing 75.89% of the Group's total liabilities as at 31 December 2015.

The Group's short-term bank borrowings and hire purchase creditors as at 31 December 2015 amounted to S\$5.61 million, representing 51.79% of the Group's total current liabilities as at 31 December 2015, which were mainly used for its working capital purposes. The decrease as at 31 December 2015 compared to that as at 31 December 2014 was mainly due to the repayment of term loans during the current financial period.

The decrease in the Group's trade payables from S\$3.54 million as at 31 December 2014 to approximately S\$3.09 million as at 31 Dec 2015 was due mainly to the translation differences.

(i) As a result of the foregoing, the Group was in a net current asset position of S\$1.24 million as at 31 December 2015 compared to S\$0.77 million as at 31 December 2014.

(j) As at 31 December 2015, the Group's non-current liabilities amounted to S\$3.44 million, representing 24.11% of the Group's total liabilities as at 31 December 2015, comprising long-term bank borrowings and hire purchase creditors of S\$1.48 million and deferred taxation of S\$1.96 million.

The increase in long-term bank borrowings and hire purchase creditors compared to that as at 31 December 2014 was due mainly to the additional purchases of plant and machineries during the financial year ended 31 December 2015.

(l) The Group's shareholders' equity as at 31 December 2015 was S\$11.32 million.

(m) For FY2015, the Group's operating cash flow before changes in working capital was S\$1.83 million and the net cash generated from operating activities in FY2015 amounted to S\$4.70 million. This was mainly due to an increase in trade receivables.

(k) The Group's net cash used in investing activities in FY2015 amounted to S\$0.35 million. This was mainly attributable to the purchase of machinery and factory equipment for production purposes.

(l) The Group's net cash used in financing activities in FY2015 amounted to S\$0.87 million. This was mainly attributable to the repayment of term loans and hire purchase creditors, and a 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.

No forecast or prospect statement was made in the previous announcement.

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 global economic recession, especially in the audio and consumable product sector the manufacturing industry has been affected substantially. The management of the Group maintains a cautious outlook on the market trend of business environment for the next 12 months.

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/recommendeded, a statement to that effect

No dividend has been declared or recommended in respect of FY2015.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

(i) Business segments

Group Consolidated Profit and Loss Statement

	T-yokes	U-yokes	Washers	Frame & other	Iron Ore Trading	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
FY2015						
Revenue	4,847	7,530	3,004	90	-	15,471
Segment results	533	829	(534)	(32)	-	796
Unallocated operating expenses (net)						(321)
Finance income						15
Finance cost						(479)
Profit before income tax						11
Income tax expense						(154)
Net loss for the year						(143)
Segment assets-unallocated						25,602
Segment liabilities-unallocated						14,279
Other information:						
Additions to property, plant and equipment –unallocated						1,474
Depreciation of property, plant and equipment –unallocated						1,674
Amortisation of prepaid land lease payments –unallocated						10
Inventories written down						4

	T-yokes	U-yokes	Washers	Frame & other	Iron Ore Trading	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
FY2014						
Revenue	4,836	6,939	2,338	304	1,271	15,688
Segment results	1,066	1,530	(95)	26	142	2,669
Unallocated operating expenses (net)						(2,049)
Finance income						17
Finance cost						(527)
Profit before income tax						110
Income tax expense						(120)
Net loss for the year						(10)
Segment assets-unallocated						25,457
Segment liabilities-unallocated						14,207

Other information:

Additions to property, plant and equipment –unallocated	545
Depreciation of property, plant and equipment –unallocated	1,800
Amortisation of prepaid land lease payments –unallocated	11
Inventories written down	11

Property, plant and equipment purchased by the Group are used interchangeably in the manufacture of products from different product categories. Accordingly, capital expenditure and depreciation of property, plant and equipment are disclosed as unallocated in this segment report.

Group Consolidated Balance Sheet

	As at 31 December 2015 S\$'000	As at 31 December 2014 S\$'000
Assets		
Total assets unallocated	25,602	27,457
Liabilities		
Total liabilities unallocated	14,279	14,207

Assets of the Group are utilised interchangeably between the different segments and there is no reasonable basis to allocate liabilities of the Group between the different segments. Accordingly, assets and liabilities of the Group are disclosed as unallocated in this segment report.

(ii) Geographical segment

In presenting information on the basis of geographical segments, segment revenue is based on the location of the customers. Segment assets are based on the geographical location of the assets.

	Asia S\$'000	Europe S\$'000	North America S\$'000	Total S\$'000
FY2015				
Segment assets	25,602	-	-	25,602
Capital expenditure	1,581	-	-	1,581
Revenue	1,172	9,942	4,357	15,471

FY2014	Asia S\$'000	Europe S\$'000	North America S\$'000	Total S\$'000
Segment assets	27,457	-	-	27,457
Capital expenditure	<u>545</u>	<u>-</u>	<u>-</u>	<u>545</u>
Revenue	2,697	4,128	8,863	15,688

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to Note 8 of this announcement.

15. A breakdown of sales as follows:

	Group FY2015 S\$'000	Group FY2014 S\$'000	Increase / (Decrease) %
Sales reported for first half year	6,966	8,116	-15%
Operating (loss) /profit after tax reported for first half year	(33)	(36)	-8%
Sales reported for second half year	8,505	7,572	12%
Operating (loss)/ profit after tax reported for the second half year	(110)	26	-523%

16. A breakdown of the total annual dividend (in dollar value) for the issuer latest full year and its previous full year

	2015 S\$ '000	2014 S\$ '000
Ordinary shares	-	-
Preference shares	-	-
Total	-	-

17. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The aggregate value of interested person transactions during FY2015 is as follows:

Name of interested person	Aggregate value of all interested person transactions for FY2015 (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) S\$'000	Aggregate value of all interested person transactions for FY2015 conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) S\$'000
Audio Yoke Industrial Co. Limited	Nil	Nil

18. 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(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Pursuant to Rule 704(10) of the SGX-ST Listing Manual Section B: Rules of Catalist, there is no such person occupying a managerial position in the Company and any of its principal subsidiaries who is the relative of a Director, Chief Executive Officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Hsieh Kuo-Chuan
Executive Chairman/Director
25 February 2016

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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