

FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

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. (“**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (“**Group**”) for the financial year ended 31 December (“**FY**”) 2014. The financial information in respect of FY2014 presented in this announcement have not been audited.

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

	Group		% change + / (-)
	FY2014 S\$'000	FY2013 S\$'000	
Revenue	15,687	15,986	-1.87%
Cost of sales	(14,373)	(15,022)	-4.32%
Gross profit	1,314	964	36.31%
Other operating revenue	862	1,205	-28.46%
Administrative costs	(1,410)	(1,259)	11.99%
Other operating costs	(146)	(103)	41.75%
Operating profit	620	807	-23.17%
Financial income	17	14	21.43%
Financial costs	(527)	(538)	-2.04%
Profit before income tax	110	283	-61.13%
Income tax (expense) / credit	(120)	19	-731.58%
Net (loss) / profit attributable to equity holders of the Company	(10)	302	-103.31%
Other comprehensive losses -exchange differences on translation of foreign operations	(321)	(492)	-34.76%
Total comprehensive losses for the year attributable to equity holders of the Company	(331)	(190)	74.21%

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

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

	Group		% change + / (-)
	FY2014 S\$'000	FY2013 S\$'000	
Depreciation of property, plant and equipment	1,800	1,616	11.39%
Amortisation of prepaid land lease payments	11	13	-15.38%
Directors' remuneration and fees	432	346	24.86%
Loss / (Gain) on foreign exchange (net)	125	(53)	-335.85%
Rental of equipment	5	8	-37.50%
Gain on disposal of plant and equipment	(35)	(13)	n.m.
Gain on disposal of leasehold land	-	(436)	n.m.
Inventories written down (included in cost of sales)	11	12	-8.33%
Interest expense	509	516	-1.36%
Staff costs	2,033	2,076	-2.07%

"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	
	As at 31 December 2014 S\$'000	As at 31 December 2013 S\$'000	As at 31 December 2014 S\$'000	As at 31 December 2013 S\$'000
Non-Current Assets				
Property, plant and equipment	15,178	16,839	-	-
Prepaid land lease payments	518	542	-	-
Investments in subsidiaries	-	-	11,065	11,065
	15,696	17,381	11,065	11,065
Current Assets				
Inventories	4,435	4,111	-	-
Trade receivables	5,240	5,029	-	-
Other receivables, deposits and prepayments	1,007	1,441	13	12
Amount due from subsidiary	-	-	-	119
Fixed deposits (pledged)	567	563	-	-
Cash at bank and on hand	512	338	9	1
	11,761	11,482	22	132
Current Liabilities				
Trade payables	3,543	2,254	-	-
Other payables and accruals	1,001	1,642	205	205
Amount due to subsidiary	-	-	201	-
Amount due to a related party (trade)	-	230	-	-
Hire purchase creditors	335	398	-	-
Bank borrowings	6,114	8,144	-	-
	10,993	12,668	406	205
Net Current Assets / (Liabilities)	768	(1,186)	(384)	(73)
Non-Current Liabilities				
Term loans	821	96	-	-
Hire purchase creditors	307	493	-	-
Deferred taxation	2,087	2,026	-	-
	3,215	2,615	-	-
Net Assets	13,249	13,580	10,681	10,992

Shareholders' Equity:

Share capital	12,516	12,516	12,516	12,516
Reserves	733	1,064	(1,835)	(1,524)
	13,249	13,580	10,681	10,992

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

	As at 31 December 2014		As at 31 December 2013	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Bills payable to banks	5,341	-	7,101	-
Term loans	141	-	202	-
Hire purchase creditors	335	-	398	-
Bank overdrafts	632	-	841	-

Amount payable after one year

	As at 31 December 2014		As at 31 December 2013	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Term loans	821	-	96	-
Hire purchase creditors	307	-	493	-

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 cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group	
	FY2014 S\$'000	FY2013 S\$'000
Cash Flows from Operating Activities:		
Profit before income tax	110	283
Gain on disposal of leasehold land	-	(436)
Gain on disposal of property, plant and equipment	(35)	(13)
Amortisation of prepaid land lease payments	11	13
Depreciation of property, plant and equipment	1,800	1,616
Property, plant and equipment written off	3	-
Net foreign exchange gain-unrealised	(148)	(60)
Inventories written down	11	-
Interest income	(17)	(14)
Interest expense	509	516
Operating cash flows before changes in working capital	2,244	1,905
Changes in working capital:		
Inventories	(335)	171
Trade and other receivables	447	(2,546)
Trade and other payables	616	1,583
Related party	(230)	94
Cash generated from operating activities	2,742	1,207
Interest received	17	1
Interest paid	(509)	(516)
Income tax paid	(24)	-
Net cash generated from operating activities	2,226	692

Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(324)	(769)
Proceeds from disposal of leasehold land	-	825
Proceeds from disposal of property, plant and equipment	42	-
Net cash (used in) / generated from investing activities	(282)	56
Cash Flows from Financing Activities:		
Decrease in bills payable	(1,760)	(985)
Repayment of hire purchase creditors	(449)	(398)
Proceed / (Repayment) of term loans	722	(227)
Amount due to a director	(35)	316
Net cash used in financing activities	(1,522)	(1,294)
Net increase / (decrease) in cash and cash equivalents	422	(546)
Cash and cash equivalents at the beginning of the year	(503)	15
Effect of exchange rate changes on the balance of cash held in foreign currencies	(39)	28
Cash and cash equivalents at end of the year	(120)	(503)

Notes:

	FY2014	FY2013
	S\$'000	S\$'000
Cash and cash equivalents consist of:		
Cash and bank balances	512	338
(Less) Bank overdrafts	(632)	(841)
	(120)	(503)

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	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)	9,872	13,580
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)	9,862	13,249

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 2013	12,516	(6,478)	(1,838)	9,570	13,770
Net Profit for the year	-	-	-	302	302
Other comprehensive loss for the year	-	-	(492)	-	(492)
Total comprehensive loss for the year	-	-	(492)	302	(190)
Balance as at 31 December 2013	12,516	(6,478)	(2,330)	9,872	13,580

Company

	Share Capital S\$'000	Accumulated (Losses) S\$'000	Total 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

Company

	Share Capital S\$'000	Accumulated (Losses) S\$'000	Total S\$'000
Balance as at 1 January 2013	12,516	(1,258)	11,258
Net Loss for the year	-	(266)	(266)
Other comprehensive loss for the year	-	-	-
Total comprehensive loss for the year	-	(266)	(266)
Balance as at 31 December 2013	12,516	(1,524)	10,992

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 FY2014.

The Company did not have any treasury shares or any outstanding convertibles that may be converted into shares as at both 31 December 2014 and 31 December 2013.

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 2014	As at 31 December 2013
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 FY2014.

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.

Saved as disclosed in paragraph 5 below, the same accounting policies and methods of computation as in the Group's most recently audited financial statements for FY2013 have been adopted in the preparation of the Group's financial statements for FY2014.

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 adoption of the new/revised Financial Reporting Standards and Interpretations of FRS which were effective and relevant to the Group as of 1 January 2014 had no effect on the financial performance or financial position of the Group for FY2014.

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>FY2014</u>	<u>FY2013</u>
(Loss) / Earnings per share (Singapore cents)	(0.01)	0.31
- 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 FY2014 and FY2013, 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 FY2014 and FY2013.

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 2014	As at 31 December 2013	As at 31 December 2014	As at 31 December 2013
Net asset value ("NAV") per share (Singapore cents) ⁽¹⁾	13.76	14.11	11.09	11.42

Note:

- (1) NAV per share were computed based on the issued share capital of 96,276,201 ordinary shares as at 31 December 2014 and 31 December 2013.

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 FY2014 decreased by S\$0.30 million or 1.87%, as compared to FY2013. The decrease in revenue was mainly due to the decrease in revenue from the Iron Ore Trading operations by S\$1.74 million or 11.07% and partially offset by increased demand for the Group's speaker products namely U-Yoke, by S\$1.51 million due to increase in demand.

b) The Group's cost of sales decreased by S\$0.65 million or 4.32% in FY2014 as compared to FY2013, primary due to a decrease in factory overheads.

(c) Notwithstanding the decrease in revenue, the Group's gross profit for FY2014 increased by S\$0.35 million or 36.31%, as compared to FY2013, which is mainly attributable to the decrease in cost of sales.

(d) The Group's other operating revenue in FY2014 decreased by S\$0.34 million or 28.46%, as compared to FY2013, mainly due to the one-off gain on the disposal of the vacant land at Lot 146 in FY2013, which has been disclosed in the Company's announcement released on 13 May 2013.

(e) The Group's profit before income tax for FY2014 decreased by S\$0.17 million or 61.13%, as compared to FY2013, which is mainly attributable to the increase in administrative costs by S\$0.15 million during the year and other operating costs by S\$0.04 million, partially offset by a decrease in finance costs by S\$0.01 million.

(f) The Group's income tax expenses for FY2014 amounted to S\$0.12 million and pertain to deferred tax liabilities arising from temporary difference attributable to the Group's property, plant and equipment allowances.

(g) As at 31 December 2014, the net book value of the Group's property, plant and equipment and prepaid land lease payments was approximately S\$15.70 million. The foregoing constituted 57.17% of the Group's total assets as at 31 December 2014.

(h) As at 31 December 2014, the current assets of the Group amounted to S\$11.76 million. This comprised of inventories of S\$4.44 million, trade receivables of S\$5.24 million, other receivables, deposits and prepayments of S\$1.01 million and fixed deposits (pledged) and cash at bank and in hand of S\$1.08 million. Current assets constituted 42.83% of the Group's total assets as at 31 December 2014.

The Group's inventories amounted to S\$4.44 million, representing 37.71% of the Group's total current assets, and mainly comprised of raw materials of S\$2.69 million and semi-finished and finished goods of S\$1.75 million.

The Group's trade receivables amounted to S\$5.24 million, representing 44.55% of the Group's current assets. The increase in trade receivables as at 31 December 2014 compared to that as at 31 December 2013 was mainly due to large orders from Harman Becker towards the end of FY2014.

The Group's cash and bank balances comprising cash on hand and cash at financial institutions amounted to approximately S\$0.51 million as at 31 December 2014.

The Group's fixed deposits of S\$0.57 million as at 31 December 2014 have been pledged to banks as collateral for notes payable.

(j) As at 31 December 2014, the total current liabilities of the Group amounted to S\$10.99 million, representing 77.37% of the Group's total liabilities as at 31 December 2014.

The Group's short-term bank borrowings and hire purchase creditors as at 31 December 2014 amounted to S\$6.45 million, representing 58.66% of the Group's total current liabilities as at 31 December 2014, were mainly used for its working capital purposes. The decrease in short-term bank borrowings as at 31 December 2014 compared to that as at 31 December 2013 was mainly due to the repayment of term loans and hire purchase creditors during the current financial period.

The increase in the Group's trade payables from S\$2.25 million as at 31 December 2013 to S\$3.54 million as at 31 December 2014 was due mainly to the purchase of raw materials for speaker parts and sub-contractor costs increases during the year.

Other payables and accruals of the Group amounted to S\$1.00 million as at 31 December 2014, compared to S\$1.64 million as at 31 December 2013.

(j) As a result of the foregoing, the Group was in a net current assets position of S\$0.77 million as at 31 December 2014 compared to a net current liabilities position of S\$1.19 million as at 31 December 2013.

(k) As at 31 December 2014, the Group's non-current liabilities amounted to S\$3.22 million, representing 22.63% of the Group's total liabilities as at 31 December 2014, comprising long-term bank borrowings and hire purchase creditors of S\$1.13 million and deferred taxation of S\$2.09 million.

The increase in long-term bank borrowings and hire purchase creditors compared to that as at 31 December 2013 was due mainly to the additional purchases of plant and machineries during the financial year ended 31 December 2014.

(l) The Group's shareholders' equity as at 31 December 2014 was S\$13.25 million.

(m) For FY2014, the Group's operating cash flow before changes in working capital was S\$2.24 million and the net cash generated from operating activities in FY2014 amounted to S\$2.23 million. This was mainly due to a decrease in trade receivables and an increase in trade payables.

(n) The Group's net cash used in investing activities in FY2014 amounted to S\$0.28 million. This was mainly attributable to the purchase of machinery and factory equipment for production purposes.

(o) The Group's net cash used in financing activities in FY2014 amounted to S\$1.52 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 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.

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 FY2014.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

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
FY2014						
Revenue	4,836	6,939	2,337	304	1,271	15,687
Segment results	1,066	1,530	(95)	26	142	2,669
Unallocated operating expenses (net)						(2,049)
Finance income						17
Finance cost						(527)
Earning before income tax						110
Income tax expenses						(120)
Net loss for the year						(10)
Segment assets- unallocated						27,457
Segment liabilities- unallocated						14,208

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

	T-yokes S\$'000	U-yokes S\$'000	Washer S\$'000	Frame & other S\$'000	Iron Ore Trading S\$'000	Total S\$'000
FY2013						
Revenue	4,707	4,905	2,532	763	3,079	15,986
Segment results	1,287	1,341	(45)	2	209	2,794
Unallocated operating expenses (net)						(1,987)
Finance income						14
Finance costs						(538)
Profit before income tax						283
Income tax credit						19
Net Profit for the year						302

Segment assets - unallocated	28,863
Segment liabilities - unallocated	15,283

Other information:

Additions to property, plant and equipment –unallocated	1,724
Depreciation of property, plant and equipment –unallocated	1,616
Amortisation of prepaid land lease payments –unallocated	13
Inventories written down	12

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 2014 S\$'000	As at 31 December 2013 S\$'000
Assets		
Total assets unallocated	27,457	28,863
Liabilities		
Total liabilities unallocated	14,208	15,283

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
FY2014				
Segment assets	27,457	-	-	27,457
Capital expenditure	<u>545</u>	<u>-</u>	<u>-</u>	<u>545</u>
Revenue	2,696	4,128	8,863	15,687

	Asia S\$'000	Europe S\$'000	North America S\$'000	Total S\$'000
FY2013				
Segment assets	28,863	-	-	28,863
Capital expenditure	<u>1,724</u>	<u>-</u>	<u>-</u>	<u>1,724</u>
Revenue	4,059	3,953	7,974	15,986

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 paragraph 8 of this announcement.

15. A breakdown of sales as follows:

	Group FY2014 S\$'000	Group FY2013 S\$'000	Increase / (Decrease) %
Sales reported for first half year	8,116	7,313	10.98%
Operating (loss) / profit after tax reported for the first half year	(36)	151	(123.84)
Sales reported for second half year	7,571	8,673	(12.71)%
Operating profit after tax reported for the second half year	26	151	(82.78)%

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

	2014 S\$ '000	2013 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 FY2014 is as follows:

Name of interested person	Aggregate value of all interested person transactions for FY2014 (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 FY2014 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 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 Catalist. 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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