

2015 HALF YEAR FINANCIAL STATEMENT ANNOUNCEMENT

1(a) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2015

(In Singapore Dollars)

	GROUP		% Increase/ (Decrease)
	30/06/2015 S\$'000	30/06/2014 S\$'000	
Revenue	11,643	12,983	(10.3)
Cost of sales	(12,065)	(12,753)	(5.4)
Gross profit	(422)	230	nm
Other income			
- Other operating income	1,938	1,610	20.4
- Finance income	64	67	(4.5)
Expenses			
- Selling & distribution expenses	(351)	(402)	(12.7)
- Administrative expenses	(2,690)	(3,191)	(15.7)
- Finance cost	(9)	(65)	(86.2)
Share of results of associated company	(59)	(130)	(54.6)
Loss before tax	(1,529)	(1,881)	(18.7)
Income tax	-	-	nm
Loss net of tax	(1,529)	(1,881)	(18.7)
Loss for the period attributable to :			
Owners of the parent	(1,514)	(1,769)	(14.4)
Non-controlling interests	(15)	(112)	(86.6)
	(1,529)	(1,881)	(18.7)
Other comprehensive income for the period, net of tax			
Foreign currency translation	(111)	(66)	68.2
Share of foreign currency translation of associated company	78	24	231.3
Total comprehensive income for the period	(1,562)	(1,923)	(18.8)
Total comprehensive income attributable to :			
Owners of the parent	(1,543)	(1,809)	(14.7)
Non-controlling interests	(19)	(114)	(83.3)
	(1,562)	(1,923)	(18.8)

nm - not meaningful

Notes to the Consolidated Statement of Comprehensive Income :		
	30/06/2015 \$'000	30/06/2014 \$'000
The loss after tax is determined after (crediting) / charging the following :		
Sale of scraps	(1,506)	(1,506)
Interest income on fixed deposits	(64)	(67)
Write down of inventories to net realisable value	1,822	-
Depreciation of property, plant and equipment	752	1,181
Interest on finance leases / term loan	9	65
Foreign exchange (gain) / loss	(358)	240
Loss on disposal of property, plant and equipment	46	29

1(b)(i) STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	30/06/2015	31/12/2014	30/06/2015	31/12/2014
	S\$' 000	S\$' 000	S\$' 000	S\$' 000
Non-current assets				
Property, plant and equipment	10,955	11,206	10,224	10,763
Leasehold land	4,810	4,928	-	-
Investment in subsidiaries	-	-	955	955
Investment in associate	2,489	2,543	-	-
	<u>18,254</u>	<u>18,677</u>	<u>11,179</u>	<u>11,718</u>
Current assets				
Inventories	13,710	11,402	12,751	10,370
Trade receivables	4,197	5,917	3,019	4,525
Amounts due from subsidiaries	-	-	3,890	2,230
Receivables from associate	30	25	7	6
Other receivables	144	147	56	69
Prepaid operating expenses	197	49	92	41
Cash and cash equivalents	22,154	22,678	19,629	21,089
	<u>40,432</u>	<u>40,218</u>	<u>39,444</u>	<u>38,330</u>
Current liabilities				
Trade payables	1,969	2,864	1,310	2,210
Other payables	3,465	3,299	1,520	1,311
Amounts due to subsidiaries	-	-	790	517
Current portion of term loans	244	478	-	-
Provision for taxation	165	270	165	269
	<u>5,843</u>	<u>6,911</u>	<u>3,785</u>	<u>4,307</u>
Net current assets	34,589	33,307	35,659	34,023
Non-current liabilities				
Non-current portion of term loans	4,006	4,128	-	-
Deferred taxation	1,649	1,649	1,633	1,633
	<u>5,655</u>	<u>5,777</u>	<u>1,633</u>	<u>1,633</u>
Net assets	<u>47,188</u>	<u>46,207</u>	<u>45,205</u>	<u>44,108</u>
Equity attributable to owners of the Company				
Share capital	49,008	46,465	49,008	46,465
Asset revaluation reserve	1,296	1,296	1,296	1,296
Treasury shares	(1,697)	(1,697)	(1,697)	(1,697)
Foreign currency translation reserves	(84)	(55)	-	-
Accumulated (losses) / profits	(678)	836	(3,402)	(1,956)
	<u>47,845</u>	<u>46,845</u>	<u>45,205</u>	<u>44,108</u>
Non-controlling interests	(657)	(638)	-	-
Total Equity	<u>47,188</u>	<u>46,207</u>	<u>45,205</u>	<u>44,108</u>

1(b)(ii) AGGREGATE AMOUNT OF GROUP'S BORROWINGS AND DEBT SECURITIES**Amount repayable in one year or less, or on demand :**

As at 30 June 2015		As at 31 December 2014	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
244	-	478	-

Amount repayable after one year :

As at 30 June 2015		As at 31 December 2014	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
4,006	-	4,128	-

Details of any collateral

Certain term loans are entered by subsidiaries to finance working capital and purchase of leasehold land and are secured by Corporate Guarantee from the Company.

1(c) CONSOLIDATED STATEMENT OF CASH FLOWS**Group**

	30/06/2015	30/06/2014
	S\$'000	S\$'000
Cash flows from operating activities :		
Loss before tax	(1,529)	(1,881)
Adjustments for :		
Depreciation expense	752	1,181
Loss on disposal of property, plant and equipment	46	29
Share of results of associated company	59	130
Translation differences - foreign subsidiary	(40)	(314)
Interest expense	9	65
Interest income	(64)	(67)
Write-down of inventories to net realisable value	1,822	-
Operating profit / (loss) before reinvestment in working capital	1,055	(857)
Decrease / (increase) in receivables	1,574	(631)
(Increase) / decrease in inventories	(4,130)	2,268
(Decrease) / increase in payables	(686)	421
Cash (used in) / generated from operations	(2,187)	1,201
Interest paid	(54)	(112)
Income tax paid	(105)	(326)
Income tax paid, net of refund	-	2
Interest received	61	42
Net cash (used in) / generated from operating activities	(2,285)	807
Cash flows from investing activities :		
Prepayment for leasehold land	-	(1,405)
Proceeds from disposal of property, plant and equipment	-	50
Purchase of property, plant and equipment	(429)	(288)
Net cash used in investing activities	(429)	(1,643)
Cash flow from financing activities :		
Proceeds from term loan	-	420
Dividends paid	-	(1,256)
Proceeds from share issuance	2,600	-
Share issuance expense	(57)	-
Repayment of finance lease obligations	-	(247)
Repayment of term loan	(356)	(247)
Net cash from / (used in) financing activities	2,187	(1,330)
Net decrease in cash and cash equivalents	(528)	(2,167)
Effect of exchange rate changes on cash and cash equivalents	3	(17)
Cash and cash equivalents at 1 January	22,678	22,950
Cash and cash equivalents at end of the period	22,154	20,766

1(d)(i) STATEMENT OF CHANGES IN EQUITY

Group	Attributable to Owners of the Company							Total Equity S\$'000
	Share	Treasury	Asset	Foreign	Accumulated	Total	Non -	
	Capital	Shares	Revaluation	Currency	Profits /		Controlling	
	S\$'000	S\$'000	Reserve	Translation	(Losses)	S\$'000	Interests	
		S\$'000	Reserves	S\$'000	S\$'000	S\$'000		
As at 1 January 2014	46,465	(1,697)	1,296	29	9,985	56,078	(319)	55,759
Profit for the year	-	-	-	-	(7,893)	(7,893)	(327)	(8,220)
Dividends on ordinary shares	-	-	-	-	(1,256)	(1,256)	-	(1,256)
Other comprehensive income								
Foreign currency translation	-	-	-	(157)	-	(157)	8	(149)
Share of foreign currency translation of associated company	-	-	-	73	-	73	-	73
As at 31 December 2014	46,465	(1,697)	1,296	(55)	836	46,845	(638)	46,207
As at 1 January 2015	46,465	(1,697)	1,296	(55)	836	46,845	(638)	46,207
Profit for the year	-	-	-	-	(1,514)	(1,514)	(15)	(1,529)
Issuance of ordinary shares	2,600	-	-	-	-	2,600	-	2,600
Share issuance expense	(57)	-	-	-	-	(57)	-	(57)
Other comprehensive income								
Foreign currency translation	-	-	-	(107)	-	(107)	(4)	(111)
Share of foreign currency translation of associated company	-	-	-	78	-	78	-	78
As at 30 June 2015	49,008	(1,697)	1,296	(84)	(678)	47,845	(657)	47,188

Company	Share	Treasury	Asset	Accumulated	Total
	Capital	Shares	Revaluation	Profits /	Equity
	S\$'000	S\$'000	Reserve	(Losses)	S\$'000
			S\$'000	S\$'000	
As at 1 January 2014	46,465	(1,697)	1,296	9,786	55,850
Total comprehensive income for the year	-	-	-	(10,486)	(10,486)
Dividends on ordinary shares	-	-	-	(1,256)	(1,256)
As at 31 December 2014	46,465	(1,697)	1,296	(1,956)	44,108
As at 1 January 2015	46,465	(1,697)	1,296	(1,956)	44,108
Total comprehensive income for the period	-	-	-	(1,446)	(1,446)
Issuance of ordinary shares	2,600	-	-	-	2,600
Share issuance expense	(57)	-	-	-	(57)
As at 30 June 2015	49,008	(1,697)	1,296	(3,402)	45,205

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 corresponding period of the immediately preceding financial year.

Share Capital	2015	2014
<u>Ordinary shares issued and fully paid</u>		
Balance as at 1 January	251,196,667	251,196,667
Share placement	20,000,000	-
Balance as at 15 January	271,196,667	251,196,667
Share consolidation exercise	10 to 1	-
Balance as at 30 June	27,119,659	251,196,667

The Company has, on 15 January 2015 completed the issue and allotment of 20,000,000 Placement Shares at an issue price of \$0.13 for each Placement Share.

Subsequent to the issue of Placement Shares, the Company conducted a share consolidation exercise, consolidating every 10 existing issued ordinary shares into 1 ordinary share in the capital of the Company, with 27,119,659 as the new issued number of ordinary shares.

Treasury Shares	2015	2014
<u>Ordinary shares issued and fully paid</u>		
Balance as at 1 January	10,000,000	10,000,000
Share consolidation exercise	10 to 1	-
Balance as at 30 June	1,000,000	10,000,000

The Company conducted a share consolidation exercise, consolidating every 10 existing issued ordinary shares into 1 ordinary share, with 1,000,000 as the new total number of treasury shares held.

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.

	30/06/2015	31/12/2014
Total number of issued shares (excluding treasury shares)	27,119,659	251,196,667

Please refer to 1(d)(ii). No treasury shares were re-issued for the period ended 30 June 2015.

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

Please refer to 1(d)(ii) and 1(d)(iii).

1(d)(v) Status on the use of proceeds from IPO and any offerings pursuant to Chapter 8 of the SGX Listing Manual and whether the use of proceeds is in accordance with the stated use.

Approximately \$2.6 million net proceeds were raised from the Share Placement, of which \$0.11 million was utilised on the development of land parcel situated at Tuas South Street 13, details as follow:

	\$ million
Proceeds from share placement	2.6
Less:	
Financing related fees	(0.05)
Regulatory related fees	(0.04)
Professional fees	(0.02)
Balance unutilised	<u>2.49</u>

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

The figures have not been audited or reviewed by our auditors.

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

These financial statements have been prepared based on the accounting policies and methods of computation consistent with those adopted in the most recent audited financial statements for the 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 accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards and Interpretations of FRS (INT FRS) that are effective for annual periods beginning on or after 1 January 2015. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group.

Earnings per share calculations

On 11 May 2015, the Company effected the consolidation of every ten (10) existing shares held by shareholders into one (1) consolidated share with fractional entitlements to be disregarded. Following the share consolidation, the aggregate number of issued shares decreased from 271,196,667 to 27,119,659 shares. As a result, the number of ordinary shares used for the per share calculations have been adjusted retrospectively as required by FRS 33 Earnings Per Share.

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

Earnings per share (EPS)	Group	
	30/06/2015	30/06/2014 (Restated)
i) Based on weighted average number of ordinary shares	(5.6) cents	(7.0) cents
Weighted average number of shares	26,964,963	25,119,659
ii) On a fully diluted basis	(5.6) cents	(7.0) cents

7 Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the :-

- (a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	30/6/2015	31/12/2014 (Restated)	30/6/2015	31/12/2014 (Restated)
Net asset value per ordinary share based on the existing issued share capital at the respective period ¹	176.4 cents	186.5 cents	166.7 cents	175.6 cents

¹The Group's and the Company's net asset value per ordinary share have been computed based on the revised number of shares of 27,119,659 shares as a result of the share consolidation.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

(a) 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; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Group Performance Review

The Group's revenue of \$11.6 million for HY2015 decreased by 10.3% from HY2014 mainly due to continued weak worldwide demand from the HDD markets as well as more intensified pricing competition from overseas suppliers.

The Group recorded a gross loss of \$0.4 million for HY2015 compared with a gross profit of \$0.2 million in HY2014. The gross loss was mainly caused by the Group writing down its inventories to net realizable value as worldwide aluminium price and its premium softened during the period. The gross loss was also partly due to higher labour and production costs.

Other operating income increased by 20.4% to \$1.9 million, compared to \$1.6 million in HY2014. Other operating income comprised mainly proceeds from sale of production scrap and foreign exchange gain.

Finance income decreased by 4.5% to \$0.064 million from \$0.067 million. Finance income comprised interest income earned.

Selling and distribution expenses decreased by 12.7% to \$0.35 million from \$0.40 million in HY2014. The decrease was mainly due to lower sales.

Administrative expenses decreased by 15.7% to \$2.7 million from \$3.2 million in HY2014. The decrease in administrative expense was attributed partially to the reduction of headcount and its related costs in the China subsidiary. An exchange loss of \$0.2 million in HY2014 had also added to the administrative expenses in that period. In HY2015, the Group had an exchange gain of \$0.4 million which was recorded under "Other operating income".

Finance cost decreased by 86.2% to \$0.009 million, compared with \$0.065 million in HY2014. Finance cost comprised interest expense on loans obtained to finance the purchase of plant and machineries and to fund the investment in China subsidiary as well as financing cost on working capital loans taken by the China subsidiary. The decrease was mainly due to absence of working capital loans drawn by China subsidiary.

Share of results of associated company's loss for HY2015 was \$0.06 million, compared with share of loss of \$0.13 million in the same period last year.

At the pre-tax level, the Group reported a loss of \$1.5 million, compared with a loss of \$1.9 million over the same period in 2014. After taking into account non-controlling interests and other comprehensive income, net loss attributable to shareholders was \$1.5 million.

Group Balance Sheet and Cash Flow Review

The Group's non-current assets decreased by \$0.4 million from \$18.7 million as at 31 December 2014 to \$18.3 million as at 30 June 2015. The decrease was mainly due to depreciation of property, plant and

equipment, partially offset by purchase of plant and equipment, and decrease in investment in an associated company arising from share of results.

The Group reported total current assets of \$40.4 million as at 30 June 2015, an increase of \$0.2 million from last year end of \$40.2 million. The increase was mainly due to higher inventory held by the Group in the anticipation of higher sales which did not materialize. The increase was offset by lower trade receivables resulted from lower sales.

The Group's total current liabilities decreased by \$1.1 million from \$6.9 million as at 31 December 2014 to \$5.8 million as at 30 June 2015. The decrease in trade payables was mainly due to lower raw material purchases.

The Group's total non-current liabilities decreased by \$0.1 million from \$5.8 million as at 31 December 2014 to \$5.7 million as at 30 June 2015. The decrease was mainly due to the re-classification of non-current portion of terms loan when it became current as at 30 June 2015 balance sheet reporting date.

Net cash used in operating activities for HY2015 was \$2.3 million compared with net cash generated from operating activities of \$0.8 million for the corresponding period last year. The negative working capital cash flow was due to increase in raw material purchase and raw material inventory level. The decrease in net cash outflow was offset by lower receivable balance.

The Group's net cash used in investing activities for HY2015 was \$0.4 million, which was \$0.1 million higher due to payment for factory equipment.

The Group's cash received from financing activities for HY2015 was \$2.2 million, compared with cash used in financing activities of \$1.3 million in HY2014. The Group issued and allotted 20,000,000 placement shares at an issue price of \$0.13 and received \$2.6 million after deducting related share issuance expenses. This was offset by bank borrowings repayment amounting to \$0.4 million.

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

The Group's results are in line with the statement made on 25 February 2015 and the profit guidance issued on 20 July 2015.

10. A commentary at the date of the announcement of the significant trends and 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.

For the half year ended 30 June 2015, the Group faced continuing weak demand from the HDD sector. The Group's main Electronics & Precision Engineering customer segment also faced reduced order level, due to the ongoing drop in worldwide demand for personal computers.

The HDD industry is projected to remain subdued going forward. Although economic growth in Singapore and China is expected to be slow, the company will continue to face challenges like increasing operating costs and labour shortages.

In view of the continuing losses of the China subsidiary and the weak economic environment in China, the Board is reviewing the viability of the China subsidiary operations and will consider the various options available given the current changing operating environment.

The Group will continue to take steps to improve operating efficiencies and manage operating costs. Ongoing fluctuations in energy and raw material costs will continue to have significant impact on the Group's profitability, and will be monitored closely.

The Group has, on 6 April 2015, announced its proposed internal restructuring of the Group involving the transfer of business and assets from AEI Corporation Ltd to wholly-owned subsidiaries. The Group wishes to update that the restructuring has been completed and with effect from 1 July 2015, the extrusion business will be operating under AEI Corporation (Singapore) Pte Ltd, a wholly-owned subsidiary of AEI Corporation Ltd.

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

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

No dividend has been recommended for the financial period 30 June 2015.

13 If the Group has obtained 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 Group did not obtain a general mandate from shareholders for IPTs.

14 Confirmation by Directors pursuant to rule 705(5) of the listing manual.

The Board has confirmed that to the best of its knowledge, nothing has come to its attention which may render the unaudited financial statements of the Company or the unaudited consolidated financial statements of the Group for the first half ended 30 June 2015 to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Ngiam Zee Moey
Company Secretary
11 August 2015