



AE MULTI HOLDINGS BERHAD
Condensed Consolidated Statement of Financial Position
As at 30 June 2016 - Unaudited

| | Unaudited as at 30-6-2016 RM'000 | Audited as at 31-12-2015 RM'000 |
|---|---|--|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 28,276 | 26,520 |
| Current assets | | |
| Inventories | 25,925 | 18,948 |
| Trade receivables | 10,152 | 7,948 |
| Other receivables, deposits and prepayments | 16,095 | 10,297 |
| Deposits with licensed banks | 2,556 | 3,002 |
| Cash and bank balances | 2,394 | 780 |
| | <u>57,122</u> | <u>40,975</u> |
| TOTAL ASSETS | <u>85,398</u> | <u>67,495</u> |
| EQUITY AND LIABILITIES | | |
| Share capital | 25,362 | 23,690 |
| Share premium | 7,385 | 7,385 |
| Other reserves | 16,131 | 9,190 |
| Total equity | <u>48,878</u> | <u>40,265</u> |
| Non-current liabilities | | |
| Borrowings | 168 | 25 |
| Current liabilities | | |
| Trade payables | 5,101 | 6,587 |
| Other payables and accruals | 6,055 | 1,185 |
| Borrowings | 25,108 | 19,433 |
| Current tax liabilities | 88 | - |
| | <u>36,352</u> | <u>27,205</u> |
| Total liabilities | <u>36,520</u> | <u>27,230</u> |
| TOTAL EQUITY AND LIABILITIES | <u>85,398</u> | <u>67,495</u> |
| Net assets per share (RM) | 0.19 | 0.17 |

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2015.



AE MULTI HOLDINGS BERHAD
Condensed Consolidated Statement of Comprehensive Income
For the financial period ended 30 June 2016 - Unaudited

| | Individual Quarter 3 months ended | | Cumulative Quarter 6 months ended | |
|--|--------------------------------------|---------------------|--------------------------------------|---------------------|
| | 6/30/2016 RM'000 | 6/30/2015 RM'000 | 6/30/2016 RM'000 | 6/30/2015 RM'000 |
| Revenue | 12,317 | 9,586 | 23,869 | 19,691 |
| Cost of sales | (9,733) | (8,056) | (18,735) | (15,898) |
| Gross profit | 2,584 | 1,530 | 5,134 | 3,793 |
| Other income | 344 | (21) | 1,936 | 104 |
| Administrative expenses | (1,339) | (818) | (2,164) | (1,672) |
| Selling and marketing expenses | (296) | (301) | (677) | (641) |
| Operating profit | 1,293 | 390 | 4,229 | 1,584 |
| Finance costs | (1,649) | (941) | (3,324) | (1,975) |
| (Loss)/Profit before tax | (356) | (551) | 905 | (391) |
| Tax expense | (64) | - | (88) | - |
| (Loss)/Profit for the period | (420) | (551) | 817 | (391) |
| Other comprehensive income/(loss), net of tax Item that will be reclassified subsequently to profit or loss | | | | |
| Foreign currency translation differences for foreign operation | 578 | 812 | 5,573 | (445) |
| Total comprehensive income/(loss) for the period | 158 | 261 | 6,390 | (836) |
| (Loss)/Earnings per share (sen) | | | | |
| - Basic | (0.18) | (0.30) | 0.34 | (0.21) |
| - Diluted | (0.00) | (0.01) | 0.00 | (0.00) |

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2015.

| | | | | | | | | | |
|------------------------|---------------|--------------|--------------|--------------|--------------|---------------|----------|----------------|---------------|
| for the period | - | - | - | (445) | - | - | - | (391) | (836) |
| As at 30-6-2015 | 18,223 | 6,787 | 1,541 | (877) | 5,930 | 10,513 | - | (3,397) | 38,720 |

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2015.



AE MULTI HOLDINGS BERHAD
Condensed Consolidated Statement of Cash Flows
For the financial period ended 30 June 2016 - Unaudited

| | 6/30/2016 | 6/30/2015 |
|--|------------------|------------------|
| | RM'000 | RM'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit/(Loss) before tax | 905 | (391) |
| Adjustments for: | | |
| Depreciation | 1,622 | 1,166 |
| Gain on disposal of property, plant and equipment | (172) | (43) |
| Interest expense | 3,324 | 1,975 |
| Interest income | (19) | (40) |
| Equity settled share-based payment transactions | 551 | - |
| Operating profit before working capital changes | 6,211 | 2,667 |
| Increase in inventories | (638) | (2,179) |
| Increase in receivables | (5,333) | (5,077) |
| Increase in payables | 908 | 2,566 |
| Cash from/(used in) operation | 1,148 | (2,023) |
| Interest paid | (3,324) | (1,975) |
| Income tax paid | - | 2 |
| Net cash used in operating activities | (2,176) | (3,996) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest received | 19 | 40 |
| Withdrawal of deposits with licensed banks | 1,278 | 8,126 |
| Proceeds from disposal of property, plant and equipment | 4,391 | 252 |
| Purchase of property, plant and equipment | (1,965) | (1,500) |
| Net cash from investing activities | 3,723 | 6,918 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Net change in borrowings | (1,104) | (5,067) |
| Proceeds from exercise of ESOS | 1,672 | - |
| Net cash from/(used in) investing activities | 568 | (5,067) |
| Net cash from/(used in) cash and cash equivalents | 2,115 | (2,145) |
| Effects of changes in exchange rates | (684) | (65) |
| Cash and cash equivalents at beginning | 182 | 3,186 |
| Cash and cash equivalents at end | 1,613 | 976 |
| Represented by: | | |
| Cash and bank balances | 2,394 | 976 |
| Bank overdrafts | (781) | - |
| | 1,613 | 976 |

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2015.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

Part A - Explanatory Notes Pursuant To MFRS 134

1. Basis of Preparation

The condensed consolidated interim financial statements ("Report") have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

This condensed report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015. The explanatory notes attached to this Report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2015.

2. Significant Accounting Policies

The accounting policies adopted in the preparation of these condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's audited financial statements for the financial year ended 31 December 2015, except for the adoption of Amendments to Standards and Issue Committee (IC) Interpretations effective as of 1 January 2016.

2.1 Adoption of New and Amendments/Improvements to MFRS

The Group has adopted the following standards with a date of initial application of 1 January 2016.

MFRS 14 Regulatory Deferral Accounts

Amendments to MFRS 10, MFRS 12 and MFRS 128 Investment Entities: Applying the Consolidation Exception

Amendments to MFRS 11 Accounting for Acquisitions of Interests in Joint Operations

Amendments to MFRS 101 Disclosure Initiative

Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants

Amendments to MFRS 127 Equity Method in Separate Financial Statements

Annual Improvements to MFRS 2012–2014 Cycle

The adoption of the above pronouncements did not have any material impact on the financial statements of the Group.

2.2 Standards issued but not yet effective

At the date of authorisation of this condensed consolidated interim financial statements, the following standards were issued but not yet effective and have not been adopted by the Group:

Effective for financial periods beginning on or after 1 January 2017

Amendments to MFRS 107 Statement of Cash Flows: Disclosure Initiatives

Amendments to MFRS 112 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses

Effective for financial periods beginning on or after 1 January 2018

MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)

MFRS 15 Revenue from Contracts with Customers

Amendments to MFRS 7 Mandatory Date of MFRS 9 and Transition Disclosures

Effective for financial periods beginning on or after 1 January 2019

MFRS 6 Leases

The initial application of the above standards is not expected to have any material impacts to the financial statements of the Group upon adoption except as mentioned below:

2.2 Standards issued but not yet effective (cont'd)

MFRS 15 Revenue From Contracts with Customers

MFRS 15 replaces the guidance in MFRS 111 *Construction Contracts*, MFRS 118 *Revenue*, IC Int 13 *Customer Loyalty Programmes*, IC Int 15 *Agreements for Construction of Real Estate*, IC Int 18 *Transfers of Assets from Customers* and IC Int 131 *Revenue – Barter Transactions Involving Advertising Services*. Upon adoption of MFRS 15, it is expected that the timing of revenue recognition might be different as compared with the current practices.

The adoption of *MFRS 15* will result in a change in accounting policy. The Group is currently assessing the financial impact of adopting *MFRS 15*.

MFRS 16 Leases

MFRS 16 replaces the guidance in *MFRS 117 Leases*, *IC Int 4 Determining whether an Arrangement contains a Lease*, *IC Int 115 Operating Leases – Incentives* and *IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The Group is currently assessing the financial impact that may arise from the adoption of *MFRS 16*.

3. Audit Report of Preceding Annual Financial Statements

The auditors' report of the Group's most recent annual audited financial statements for the financial year ended 31 December 2015 was not subject to any qualification.

4. Seasonal or Cyclical Factors

The Group normally sees higher demand from their customers in the second half of the financial year to cater for the year end holiday seasons.

5. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period under review.

6. Material Changes in Estimates of Amount Reported

There were no changes in estimates of amount reported in prior financial year that have a material effect on current financial period.

7. Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current period under review.

8. Dividends Paid

No dividend was paid during the current financial period under review.

9. Segmental Information

(i) Analysis by business segments

| | 6 months ended | |
|---|---------------------|---------------------|
| | 6/30/2016 RM'000 | 6/30/2015 RM'000 |
| Segment Revenue | | |
| Printed Circuit Board (PCB) | 23,846 | 22,374 |
| Electronic Products | 23 | - |
| Investment Holding | 50 | 50 |
| Total revenue including inter-segment sales | 23,919 | 22,424 |
| Elimination of inter-segment sales | (50) | (2,733) |
| External sales | 23,869 | 19,691 |

9. Segmental Information (cont'd)

(i) Analysis by business segments (cont'd)

| | 6 months ended | |
|-----------------------------|----------------|-----------|
| | 6/30/2016 | 6/30/2015 |
| | RM'000 | RM'000 |
| Segment Results | | |
| Printed Circuit Board (PCB) | 1,652 | (244) |
| Electronic Products | 2 | (5) |
| Investment Holding | (749) | (142) |
| | 905 | (391) |
| Elimination | - | - |
| Profit/(Loss) before tax | 905 | (391) |

(ii) Analysis by geographical segments

| | <u>Revenue</u> | | <u>Non-current Assets</u> | |
|----------|----------------|-----------|---------------------------|-----------|
| | 6 months ended | | 6/30/2016 | 6/30/2015 |
| | 6/30/2016 | 6/30/2015 | | |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Malaysia | 3,389 | 4,689 | 10,573 | 1,308 |
| Thailand | 20,480 | 15,002 | 17,703 | 11,879 |
| | 23,869 | 19,691 | 28,276 | 13,187 |

10. Valuation of Property, Plant and Equipment

The valuation of the Group's landed properties was updated by independent professional valuers, namely CH Williams Talhar & Wong Sdn. Bhd. and World Valuation Co., Ltd. in January and December 2011 respectively.

11. Subsequent Events

There were no material events subsequent to the end of the reporting period which require disclosure.

12. Contingent Liabilities and Contingent Assets

There were no contingent assets or contingent liabilities since the end of the last annual reporting period.

13. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current period under review other than the acquisition of a new wholly-owned subsidiary, AE Resources Development Sdn Bhd, at a cash consideration of RM2. The subsidiary remains dormant as at the end of the reporting period.

14. Capital Commitments

The Group's capital commitment as at the end of the current reporting period is as follows:

| | <u>30-6-2016</u> |
|----------------------------------|------------------|
| | <u>RM'000</u> |
| Contracted but not provided for: | |
| - Property, plant and equipment | - |

Part B - Explanatory Notes Pursuant To Appendix 9B Of The Listing Requirements Of Bursa Malaysia Securities Berhad

1. Performance Review

| | <u>Individual Quarter</u> | | <u>Cumulative Quarter</u> | |
|--------------------------|---------------------------|-------------|---------------------------|-------------|
| | 3 months ended | | 6 months ended | |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| | 30-Jun-16 | 30-Jun-15 | 30-Jun-16 | 30-Jun-15 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 12,317 | 9,586 | 23,869 | 19,691 |
| (Loss)/Profit before tax | (356) | (551) | 905 | (391) |

Comparison with Previous Year Corresponding Quarter

For the current quarter ended 30 June 2016, the Group's revenue has increased from RM9.586 million to RM12.317 million, representing an increase of 28.49% as compared to the preceding year corresponding quarter. This was mainly due to the increase in customer's order.

The Group posted a loss before tax of RM0.356 as compared to the preceding year's corresponding quarter loss before tax of RM0.551 million. If not for the provision of RM0.551 million made during the quarter due to the ESOS exercised options, the group would have posted a profit before tax of RM0.195 million.

Comparison with Previous Year Corresponding Financial to Date

As for the 6 months period ended 30 June 2016, the Group recorded a revenue of RM23.86 million, an increase of 21.22% as compared to the preceding year to date revenue of RM19.69 million. The increase was mainly due to the increase in the sales of value added PCB which is low in volume but higher in selling price.

The Group managed to achieve a profit before taxation of RM0.905 million for the 6 months period compared with a loss of RM0.391 in the preceding year to date.

2. Comparison with Preceding Quarter's Results

| | <u>Individual Quarter</u> | |
|--------------------------|---------------------------|-------------|
| | 3 months ended | |
| | (Unaudited) | (Unaudited) |
| | 30-Jun-16 | 31-Mar-16 |
| | RM'000 | RM'000 |
| Revenue | 12,317 | 11,552 |
| (Loss)/Profit before tax | (356) | 1,261 |

During the current quarter under review, the Group reported total revenue of RM12.317 million, which is 6.62% higher than the immediate preceding quarter of RM11.552million. This was mainly due to the higher sales demand for the quarter under review.

In contrast with the revenue, the Group posted a loss before tax of RM0.356 million as compared to the immediate preceding quarter's profit before tax of RM1.26 million. However, if looking into the PCB operation itself, the Group would have posted profit before taxation of RM0.19 million before taking into consideration of the ESOS exercised expenses of RM 0.551 million as compared of RM0.13 million in the preceding quarter if not taking into consideration of the bad debt recovery of RM1.125 million.

3. Prospects

The Group revenue has picked up steadily despite the challenges and competition in the PCB market. The Group is also looking into new ventures to diversify its revenue and profit.

The Group is optimistic that the performance for the Group will be positive for year 2016.

4. Profit Forecast

This section is not applicable as no profit forecast was published.

5. Profit from Operations

| | Current quarter (Unaudited) 6/30/2016 RM'000 | Cumulative quarter (Unaudited) 6/30/2016 RM'000 |
|---|---|--|
| This is derived after charging/(crediting) the following: | | |
| Bad debt recovered | - | (1,126) |
| Depreciation | 817 | 1,622 |
| Equity settled share-based payment transactions | 551 | 551 |
| Loss/(Gain) on disposal of property, plant and equipment | (21) | (172) |
| Interest expense | 1,649 | 3,324 |
| Interest income | (13) | (19) |
| Realised loss/(gain) on foreign exchange | (1,037) | (225) |
| Rental expenses | 120 | 240 |
| Rental income | (195) | (325) |

Other than the above items, there were no gain or loss on disposal of quoted or unquoted investments, provisions for and write off of receivables and inventories, gain or loss on derivatives as well as other exceptional items.

6. Tax Expense

| | Individual Quarter | | Cumulative Quarter | |
|--------------|---|---|---|---|
| | 3 months ended | | 6 months ended | |
| | (Unaudited) 30-Jun-16 RM'000 | (Unaudited) 30-Jun-15 RM'000 | (Unaudited) 30-Jun-16 RM'000 | (Unaudited) 30-Jun-15 RM'000 |
| Current tax | (64) | - | (88) | - |
| Deferred tax | - | - | - | - |

The effective tax rate of the Group is lower than the Malaysian statutory tax rate of 24% due to the availability of tax credits which can be set off against the chargeable income of the local subsidiary.

7. Status of Corporate Proposals and Status of Utilisation of Proceeds Raised

There was a corporate proposal announced on 29 July 2016 for an agreement between AEM and JMT Kelantan Baru for the mutually agreed extension of 90 days for the execution of the Definitive Agreement until 30 October 2016.

On 3 December 2015, the Company completed the listing quotation for 29,867,700 ordinary shares of RM0.10 each in AEM on the main market of Bursa Malaysia Securities Berhad.

The utilisation of proceeds as following:

| | Proposed Utilisation RM'000 | Actual Utilisation RM'000 | Expected time frame for utilisation |
|---|--|--------------------------------------|--|
| Repayment of bank borrowings | 3,000 | 3,000 | Within 12 Months |
| Upgrade of machinery | 1,940 | 1,940 | Within 18 Months |
| Working Capital | 1,693 | 1,668 | Within 12 Months |
| Expenses in relation to the Private Placement | 200 | 225 | Within 1 Months |
| | <u>6,833</u> | <u>6,833</u> | |

8. Borrowings and Debt Securities

The Group's borrowings as at 30 June 2016 are as follows:

| | Denominated in | | Total borrowings RM'000 |
|--------------------------------------|-----------------------|-----------------------------|--|
| | RM RM'000 | Thai Baht RM'000 | |
| Secured short-term borrowings | | | |
| Overdraft | - | 2,176 | 2,176 |
| Factoring | - | 2,449 | 2,449 |
| Trade finance | - | 18,980 | 18,980 |
| Promissory notes | - | 2,840 | 2,840 |
| Finance lease liabilities | 18 | 40 | 58 |
| | <u>18</u> | <u>26,485</u> | <u>26,503</u> |
| Secured long-term borrowings | | | |
| Finance lease liabilities | 100 | 68 | 168 |
| | <u>118</u> | <u>26,553</u> | <u>26,671</u> |
| Total borrowings | 118 | 26,553 | 26,671 |

9. Changes in Material Litigation

The Group is not engaged in any material litigation as at the date of this report.

10. Dividend Payable

No dividend has been proposed for the current quarter.

11. Loss Per Share

(i) Basic (Loss)/Earnings Per Share

The basic loss/earnings per share has been calculated based on the Group's loss/profit after tax attributable to owners of the Company divided by the weighted average number of ordinary shares outstanding during the financial period.

| | <u>Individual Quarter</u> | | <u>Cumulative Quarter</u> | |
|--|---------------------------|------------------|---------------------------|------------------|
| | <u>3 months ended</u> | | <u>6 months ended</u> | |
| | <u>30-Jun-16</u> | <u>30-Jun-15</u> | <u>30-Jun-16</u> | <u>30-Jun-15</u> |
| (Loss)/Profit After Tax | | | | |
| Attributable to owners of the Company (RM'000) | (420) | (551) | 817 | (391) |
| Weighted average number of ordinary shares | 239,520 | 95,820 | 239,520 | 95,820 |
| Basic (Loss)/Earnings Per Share (sen) | (0.18) | (0.58) | 0.34 | (0.41) |

(ii) Diluted (Loss)/Earnings Per Share

The diluted loss/earnings per share for the current quarter and cumulative period to date are computed as below:

| | <u>Individual Quarter</u> | | <u>Cumulative Quarter</u> | |
|---|---------------------------|------------------|---------------------------|------------------|
| | <u>3 months ended</u> | | <u>6 months ended</u> | |
| | <u>30-Jun-16</u> | <u>30-Jun-15</u> | <u>30-Jun-16</u> | <u>30-Jun-15</u> |
| (Loss)/Profit After Tax | | | | |
| Attributable to owners of the Company (RM'000) | (420) | (551) | 817 | (391) |
| Weighted average number of ordinary shares of RM0.10 each in issue - basic ('000) | 239,520 | 95,820 | 239,520 | 95,820 |
| Effect of share-based payment transaction | 3,264 | - | 3,264 | - |
| Weighted average number of ordinary shares of RM0.10 each in issue - diluted ('000) | 242,784 | 95,820 | 242,784 | 95,820 |
| Diluted (Loss)/Earnings Per Share (sen) | (0.00) | (0.01) | 0.00 | (0.00) |

12. Realised and Unrealised Accumulated Losses

| | <u>As at</u> | <u>Audited</u> |
|---|------------------|-------------------|
| | <u>30-Jun-16</u> | <u>31-12-2015</u> |
| | <u>RM'000</u> | <u>RM'000</u> |
| Total accumulated losses of the Company and its subsidiaries: | | |
| - Realised | (18,408) | (19,452) |
| - Unrealised | - | - |
| | (18,408) | (19,452) |
| Add: Consolidation adjustments | 13,201 | 13,428 |
| Total accumulated losses of the Group | (5,207) | (6,024) |

Date: 30-Aug-16