AE MULTI HOLDINGS BERHAD

Condensed Consolidated Statement of Financial Position

As at 31 December 2018 - Unaudited

	Unaudited as at 31-12-2018 RM'000	Audited as at 31-12-2017 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	36,585	34,407
Investment property	-	9,927
	36,585	44,334
Current assets		
Inventories	29,154	27,393
Trade receivables	13,262	12,061
Other receivables, deposits and prepayments	9,622	8,904
Deposits with licensed banks	5,947	3,447
Cash and bank balances	3,327	3,111
	61,312	54,916
TOTAL ASSETS	97,897	99,250
EQUITY AND LIABILITIES		
Share capital	40,289	40,289
Other reserves	14,926	16,420
Total equity	55,215	56,709
Non-current liabilities		
Borrowings	176	116
Current liabilities		
Trade payables	6,107	6,803
Other payables and accruals	4,313	1,499
Borrowings	32,086	34,123
	42,506	42,425
Total liabilities	42,682	42,541
TOTAL EQUITY AND LIABILITIES	97,897	99,250
Net assets per share (RM)	0.18	0.19

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 2017.

AE MULTI HOLDINGS BERHAD

Condensed Consolidated Statement of Comprehensive Income
For the financial period ended 31 December 2018 - Unaudited

	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31/12/2018 RM'000	31/12/2017 RM'000	31/12/2018 RM'000	31/12/2017 RM'000
Revenue	15,945	13,453	61,194	62,103
Cost of sales	(12,570)	(11,418)	(51,794)	(52,635)
Gross profit	3,375	2,035	9,400	9,468
Other income	(325)	999	1,609	3,152
Administrative expenses	(3,403)	(3,451)	(9,251)	(9,705)
Selling and marketing expenses	(404)	(416)	(1,383)	(1,509)
Operating profit	(757)	(833)	375	1,406
Finance costs	(635)	(664)	(2,370)	(2,436)
Loss before tax	(1,392)	(1,497)	(1,995)	(1,030)
Tax expense	-	(130)	(82)	(257)
Loss for the financial year attributable to owner of the Company	(1,392)	(1,627)	(2,077)	(1,287)
Other comprehensive income/(loss), net of tax				
Item that will be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operation	31	(228)	583	(579)
Total comprehensive loss for the financial year	(1,361)	(1,855)	(1,494)	(1,866)
Loss per share (sen)				
- Basic	(0.46)	(0.59)	(0.69)	(0.47)
- Diluted	(0.46)	(0.59)	(0.69)	(0.47)

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 2017.

AE MULTI HOLDINGS BERHAD

Condensed Consolidated Statement of Changes in Equity
For the financial period ended 31 December 2018 - Unaudited

		|---------- Non-distributable				----------|		
	Share Capital RM'000	**Share Premium RM'000**	**Asset Revaluation Reserve RM'000**	**Foreign Currency Translation Reserve RM'000**	**Warrants Reserve RM'000**	**Capital Reserve RM'000**	**ESOS Reserve RM'000**	**Accumulated Losses RM'000**	**Total Equity RM'000**
As at 1-1-2018	40,289	-	1,541	4,933	5,930	10,513	-	(6,497)	56,709
Foreign currency translation differences	-	-	-	583	-	-	-	-	583
Loss for the year	-	-	-	-	-	-	-	(2,077)	(2,077)
Total comprehensive loss for the year	-	-	-	583	-	-		(2,077)	(1,494)
As at 31-12-2018	**40,289**	**-**	**1,541**	**5,516**	**5,930**	**10,513**	**-**	**(8,574)**	**55,215**
As at 1-1-2017	27,137	8,984	1,541	5,512	5,930	10,513	51	(5,210)	54,458
Foreign currency translation differences	-	-	-	(579)	-	-	-	-	(579)
Loss for the year	-	-	-	-	-	-	-	(1,287)	(1,287)
Total comprehensive loss for the year	-	-	-	(579)	-	-	-	(1,287)	(1,866)
Trassactions with owners:									
Issuance of shares pursuant to:									
- Private placement	4,380	-	-	-	-	-	-	-	4,380
- Share options exercised	151	-	-	-	-	-	(51)	-	100
Share issuance expenses	(363)	-	-	-	-	-	-	-	(363)
Total transactions with owners	4,168	-	-	-	-	-	(51)	-	4,117
Transfer in accordance with Section 618(2) of the Companies Act 2016 to no-par value regime (1)	8,984	(8,984)	-	-	-	-	-	-	-
As at 31-12-2017	**40,289**	**-**	**1,541**	**4,933**	**5,930**	**10,513**	**-**	**(6,497)**	**56,709**

The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amount standing to the credit of the share premium account becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618 (2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM8,983,920 for purposes as set out in Sections 618 (3) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the

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 2017.

AE MULTI HOLDINGS BERHAD

Condensed Consolidated Statement of Cash Flows
For the financial period ended 31 December 2018 - Unaudited

	31/12/2018 RM'000	31/12/2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(1,995)	(1,030)
Adjustments for:		
Allowance for slow moving inventories	239	-
Depreciation	4,669	5,025
Gain on disposal of property, plant and equipment	(792)	(1,166)
Gain on disposal of non-current asset held for sale	(177)	-
Impairment loss on other receivables	-	368
Interest expense	2,370	2,436
Interest income	(37)	(35)
Reversal of provision for impairment loss	-	(22)
Unrealised loss on foreign exchange		53
Operating profit before working capital changes	4,277	5,629
(Increase)/Decrease in inventories	(869)	2,362
(Increase)/Decrease in receivables	(1,517)	7,943
Increase/(Decrease) in payables	1,862	(1,459)
Cash from operations	3,753	14,475
Interest paid	(2,370)	(2,436)
Income tax paid	(82)	(257)
Net cash from operating activities	1,301	11,782
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	37	35
Placement of deposits with licensed banks	(2,370)	-
Proceeds from disposal of property, plant and equipment	2,994	6,743
Proceeds from disposal of non-current asset held for sale	10,000	-
Purchase of property, plant and equipment	(7,819)	(22,119)
Net cash from/(used in) investing activities	2,842	(15,341)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net change in borrowings	(2,990)	2,046
Net movement in fixed deposit pledged	-	31
Net proceeds from issuance of shares	-	4,117
Net cash (used in)/from financing activities	(2,990)	6,194
Net increase in cash and cash equivalents	1,153	2,635
Effects of changes in exchange rates	(936)	(961)
Cash and cash equivalents at beginning	2,534	860
Cash and cash equivalents at end	2,751	2,534
Represented by:		
Cash and bank balances	3,327	3,111
Bank overdrafts	(576)	(577)
	2,751	2,534

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 2017.

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 Report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017. 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 2017.

2. Significant Accounting Policies

The accounting policies adopted in the preparation of this Report are consistent with those followed in the preparation of the Group's audited financial statements for the financial year ended 31 December 2017, except for the adoption of Amendments to MFRS effective as of 1 January 2018.

2.1 Adoption of Amendments to MFRS

The Group has adopted the following standards with a date of initial application of 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 2 Share-based Payment: Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 4 Insurance Contracts: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
Amendments to MFRS 7 Mandatory Date of MFRS 9 and Transition Disclosures
Amendments to MFRS 140 Investment Property: Transfers of Investment Property
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration
Annual Improvements to MFRS 2014-2016 Cycle (except for Amendments to MFRS 12 Disclosure of Interests in other Entities)

The initial application of the anobe standards did not have any material impact to the consolidated financial statements of the Group except as mentioned below:

MFRS 9 Financial Instruments

MFRS 9 replaces MFRS 139 Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and financial liabilities, impairment of financial assets and hedge accounting.

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. Three principal classifications categories for financial assets are measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing MFRS 139 categories of held to maturity, loans and receivables and available for sale.

There were no material impact on the Group's financial assets upon initial application of the new classification and measurement requirements.

MFRS 9 also replaces the incurred loss model in respect of impairment assessment of MFRS 139 with a forward-looking expected credit loss (ECL) model. Under MFRS 9, loss allowances are measured on either a 12-month ECL or a Lifetime ECL.

There were no material impact on the Group's consolidated financial statements upon application of the forward-looking ECL model.

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.

There was no material impact on the Group's consolidated financial statements upon application of MFRS 15.

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 2019
MFRS 16 Leases
Amendments to MFRS 9 Financial Instruments: Prepayment Features with Negative Compensation
Amendments to MFRS 119 Employee Benefits: Plan Amendments, Curtailment or Settlement
Amenments to MFRS 128 Investments in Associates and Joint Venture: Long-term Interests in Associates and Joint Ventures
IC Interpretation 23 Uncertainty over Income Tax Treatments
Annual Improvements to MFRS Standards 2015-2017 Cycle

Effective for financial periods beginning on or after 1 January 2021
MFRS 17 Insurance Contracts

Effective date yet to be confirmed
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The initial application of the above standards is not expected to have any material impacts to the financial statements of the Group upon adoption.

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 2017 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

	12 months ended	
	31/12/2018	31/12/2017
	RM'000	RM'000
Segment Revenue		
Printed Circuit Board (PCB)	66,479	67,565
Investment Holding	600	100
Others	-	34
Total revenue including inter-segment sales	67,079	67,699
Elimination of inter-segment sales	(5,885)	(5,596)
External sales	61,194	62,103

	12 months ended	
	31/12/2018	31/12/2017
	RM'000	RM'000
Segment Results		

Printed Circuit Board (PCB)	(1,976)	(571)
Investment Holding	(80)	(1,991)
Others	(21)	(18)
	(2,077)	(2,580)
Elimination	-	1,293
Loss after tax	(2,077)	(1,287)

(ii) Analysis by geographical segments

	Revenue 12 months ended		**Non-current Assets**	
	31/12/2018 RM'000	**31/12/2017 RM'000**	**31/12/2018 RM'000**	**31/12/2017 RM'000**
Malaysia	3,616	5,876	190	10,442
Thailand	57,578	56,227	36,395	33,892
	61,194	62,103	36,585	44,334

10. Valuation of Property, Plant and Equipment

The valuation of property, plant and equipment has been brought forward without amendment from the previous audited financial statement.

11. Subsequent Events

On 18 January 2019, the Company announced to Bursa Malaysia Securities Berhad ("Bursa Securities") that it proposes to undertake a private placement which will involve the issuance of up to 29,940,400 new ordinary shares ("Proposed Private Placement"), representing not more than 10% of the issued share capital of the Company, excluding treasury shares.

On 13 February 2019, the Company announced that Bursa Securities had, vide its letter dated 12 February 2019, has resolved to approve the listing and quotation of up to 29,940,400 new ordinary shares in AEM to be issued pursuant to the Proposed Private Placement subject to the fulfillment of certain conditions.

Save as disclosed above, there are no other material events subsequent to the end of the reporting period which require disclosure.

12. Significant Event During the Period

On 6 June 2018, AE Corporation (M) Sdn. Bhd., a wholly-owned subsidiary of the Company had entered into a Sale and Purchase Agreement ("SPA") with Jyoto Works (M) Sendirian Berhad to dispose of its land and building for a total consideration of RM10 million upon fulfillment of the terms and conditions as contained in the SPA. The disposal has been completed in November 2018.

13. Contingent Liabilities and Contingent Assets

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

14. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current period under review.

15. Capital Commitments

The were no capital commitment as at 31 December 2018 to be disclosed as at the date of the report.

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

1. Performance Review

Comparison with the corresponding quarter and financial period in the previous financial year

	Individual Quarter 3 months ended		**Changes (Amount/ %)**	**Cumulative Quarter 12 months ended**		**Changes (Amount/ %)**
	31-Dec-18 RM'000	**31-Dec-17 RM'000**		**31-Dec-18 RM'000**	**31-Dec-17 RM'000**	
Revenue	15,945	13,453	2,492 / 18.52%	61,194	62,103	-909 / -1.46%
Loss before tax	(1,392)	(1,497)	-105 / -7.01%	(1,995)	(1,030)	965 / 93.69%

Comparison with Previous Year Corresponding Quarter

For the current quarter ended 31 December 2018 the Group's revenue has increased from RM13.453 million to RM15.945 million, representing an increase of 18.52 % as compared to the preceding year corresponding quarter. This was mainly due to higher sales demand during the quarter under review.

The Group posted a loss before taxation of RM1.392 million as compared to the preceding year's corresponding quarter loss before taxation of RM1.497 million was mainly due to the impairment of inventories of RM0.183 million and RM0.999 million of retrenchment cost during the quarter under review. Whereas the loss for previous quarter was due to the impairment of inventories amounting of RM0.967 million.

Comparison with Corresponding Financial Period To Date in Previous Year

For the current period ended 31 December 2018, the Group's revenue has drop from RM62.10million to RM61.19 million, representing a dropped of 1.46% as compared to the preceding year corresponding period. The drop in revenue was mainly due to the sales of lower price product mix.

The Group posted a loss before taxation of RM1.99 million as compared to the preceding year's corresponding period loss before taxation of RM1.03 million. The higher losses occurred due to the impairment of inventories amounting of RM0.837 million and retrenchment cost of RM0.999 million as compared to impairment cost of RM0.967 million in year 2017.

2. Comparison with Preceding Quarter's Results

	Individual Quarter 3 months ended 31-Dec-18 RM'000	 30-Sep-18 RM'000	Changes (Amount/ %)
Revenue	15,945	15,253	692 / 4.54%
(Loss)/Profit before tax	(1,392)	159	-1,551 / -975.47%

During the current quarter under review, the Group reported total revenue of RM15.94 million, which is 4.54% higher than the immediate preceding quarter of RM15.25 million. This was mainly due to higher sales demand during the quarter.

The Group posted a loss before taxation of RM1.39 million as compared to the immediate preceding quarter's profit before taxation of RM0.159 million, mainly due to the impairment of inventories amounting of RM0.183 million and retrenchment cost of RM0.99 million.

3. Prospects

The Group foresees that year 2019 would be a challeging year with the expected economic slowdown in Asia-Pacific due to the tightening financial conditions and trade tension between US and China remain the key source of uncertainty.

Therefore, the Group is cautiously optimistic that the performance for year 2019 will be positive and challenging.

4. Profit Forecast

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

5. Profit from Operations

	Current quarter (Unaudited) 31/12/2018 RM'000	Cumulative quarter (Unaudited) 31/12/2018 RM'000
This is derived after charging/(crediting) the following:		
Allowance for slow moving inventories	239	239
Depreciation	1,190	4,669
Gain on disposal of non-current asset held for sale	(177)	(177)
Gain on disposal of property, plant and equipment	(3)	(792)
Interest expense	635	2,370
Interest income	(11)	(37)
Realised loss on foreign exchange	957	342

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 3 months ended		Cumulative Quarter 12 months ended	
	(Unaudited) 31-Dec-18 RM'000	(Unaudited) 31-Dec-17 RM'000	(Unaudited) 31-Dec-18 RM'000	(Unaudited) 31-Dec-17 RM'000
Current tax				
- Malaysian	-	-	18	-
- Foreign	-	(130)	(100)	(257)
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 and a lower tax rate enjoyed by our Thailand subsidiary.

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

There was no other corporate proposal announced or not completed as at the date of this Report other than as disclosed in Part A

8. Borrowings and Debt Securities

The Group's borrowings as at 31 December 2018 are as follows:

	As at 31-12-2018			As at 31-12-2017		
	Denominated in		Total	Denominated in		Total
	RM RM'000	Thai Baht RM'000	borrowings RM'000	RM RM'000	Thai Baht RM'000	borrowings RM'000
Secured short-term borrowings						
Overdraft	-	576	576	-	577	577
Factoring	-	4,339	4,339	-	3,784	3,784
Trade finance	-	21,928	21,928	-	15,886	15,886
Promissory notes	-	3,197	3,197	-	3,098	3,098
Finance lease liabilities	71	65	136	71	12	83
Short term loan	-	1,910	1,910	-	10,695	10,695
	71	32,015	32,086	71	34,052	34,123
Secured long-term borrowings						
Finance lease liabilities	34	142	176	97	19	116
Term loan	-	-	-	-	-	-
	34	142	176	97	19	116
Total	**105**	**32,157**	**32,262**	168	34,071	34,239

a) The average effective interest rates of the Group's borrowings are as follows:

	31-12-2018	31-12-2017
Overdraft	7.125% - 7.675%	7.00% - 8.00%
Factoring	7.75% - 8.38%	7.25% - 8.38%
Trade finance	6.275%-6.775%	4.12%-4.79%
Promissory notes	6.75%	7.00% - 9.00%
Finance lease liabilities	2.55%-3.75%	2.55%-3.75%
Term loan	6.28%	4.79%-6.88%

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 and financial period under review.

11. Earnings/Loss Per Share

(i) Basic Earnings/(Loss) Per Share

The basic earnings/(loss) 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.

	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31-Dec-18	**31-Dec-17**	**31-Dec-18**	**31-Dec-17**
Loss for the financial year attributable to owner of Attributable to owners of the Company (RM'000)	(1,392)	(1,627)	(2,077)	(1,287)
Weighted average number of ordinary shares of in issue ('000)	299,404	276,752	299,404	276,752
Basic Loss Per Share (sen)	(0.46)	(0.59)	(0.69)	(0.47)

(ii) Diluted Loss Per Share

Diluted loss per share is equal to the basic loss per share because the conversion have an anti-dilutive effect.

Date: 28th February 2019