

**LY CORPORATION LIMITED**

Company Registration Number: 201629154K

(Incorporated in the Republic of Singapore on 24 October 2016)

PRESS RELEASE**For Immediate Release****LY Corporation recorded revenue of RM148.0 million for six months ended 30 June 2018**

- Begin expansion into e-commerce sales and distribution network in China;
- Net profit of RM10.5 million excluding one-off non-recurring IPO expenses

(RM' million)	2Q2018	2Q2017	Change	1H2018	1H2017	Change
Revenue	62.9	80.2	↓21.5	148.0	163.8	↓9.6%
Cost of Sales	(49.9)	(61.3)	↓18.5	(119.9)	(124.7)	↓3.8%
Gross Profit	13.0	18.9	↓31.5	28.1	39.1	↓28.1%
Profit after Tax (excl IPO expenses)	-	-	-	10.5	21.1	↓50.2%
One off IPO expenses	-	-	-	(6.8)	-	NM
(Loss)/Profit after Tax (incl IPO expenses)	6.5	10.7	↓39.8	3.7	21.1	↓82.7%
Container Sales (40-ft) (units)	1,295	1,585	↓18.3%	2,976	3,145	↓5.4%

SINGAPORE, 13 August 2018 – LY Corporation Limited (“LY Corporation” or the “Company”), one of Malaysia’s leading manufacturers and exporters of wooden bedroom furniture, wishes to announce that the Group’s revenue decreased by 9.6% to RM148.0 million for the first six months ended 30 June 2018 (“1H2018”). The Group incurred a net profit of RM3.7 million for 1H2018 as compared to a net profit of RM21.1 million in 1H2017. However, excluding the non-recurring Initial Public Offer (“IPO”) expenses of approximately RM6.8 million in 1Q2018, the Group would have generated a profit after tax 183.8% higher than 1H2018, of approximately RM10.5 million for 1H2018.



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The decline is attributed to the decrease in the number of 40-ft containers sold from 1,585 units of 40-ft containers in the three months ended 30 June 2017 (“2Q2017”) to 1,295 units of 40-ft containers in the three months ended 30 June 2018 (“2Q2018”) due to the decrease in demand from customers mainly from the United States of America. Secondly, the decrease in the average selling price per container from RM51,000 in 2Q2017 to RM49,000 in 2Q2018 is due mainly to the strengthening of the RM against US dollar. The average movement of RM against USD has been strengthened by approximately 8.8% in 2Q2018 as compared to 2Q2017.

“The Group remains optimistic of our growth prospects despite the recent strengthening of RM against the USD due to our hedging policy and flexible selling price adjustment mechanism. We are expanding our sales and distribution network in China through a website service provider, Hangzhou Feilue Network Technology Co., Ltd. In addition, while there is heightened uncertainties in world trade due to the trade dispute between the US and China, we expect the trade dispute to benefit our Company” said Mr Tan Yong Chuan, Executive Director and Chief Executive Officer of LY Corporation.

The cost of sales decreased by approximately RM11.3 million, or 18.5% mainly due to the decrease in raw materials purchased, labour costs and subcontractors’ costs. The decrease in these costs was mainly due to the lower level of production during 2Q2018.

The gross profit decreased by approximately RM6.0 million, or 31.5%, and overall gross profit margin decreased from 23.6% in 2Q2017 to 20.6% in 2Q2018 as a result of the decrease in the average selling price arising from the strengthening of the RM against US\$. As explained above, the average RM against the US\$ has strengthened by approximately 8.8% in 2Q2018 as compared to 2Q2017.

Meanwhile, the IPO net proceeds of S\$13 million has already been gradually invested as planned for the use of the acquisition of machineries and equipment as well as the construction of additional facilities in 1H2018.

About LY Corporation Limited (www.lyfurniture.com/)

(Stock Code: SGX: 1H8; Bloomberg: LCL: SP)

LY Corporation Limited and its subsidiaries (the “Group”) is one of Malaysia’s leading manufacturers and exporters of wooden bedroom furniture. With an established track record of approximately 40 years in the furniture industry, the Group is an established original design manufacturer (“ODM”) principally engaged in the design and manufacture of custom wooden bedroom furniture, and the manufacture of custom wooden bedroom furniture which may be tailored to customers’ specifications and requirements on an original equipment manufacturer (“OEM”) basis.



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The Group operates from 15 factories and warehouses, occupying a combined built-up area of approximately 1.4 million sq ft. Its products are sold mainly to overseas dealers such as furniture wholesalers and retailers who generally resell the products to end-users through their respective retail networks and domestic customers who are primarily third-party agents who typically export and resell its products outside Malaysia, such as to the US.

Issued on behalf of LY Corporation Limited by:

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LY Corporation Limited was listed on the Catalist board of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 31 January 2018. The initial public offering of the Company was sponsored by UOB Kay Hian Private Limited (the "Sponsor").

This press release has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this press release.

This press release has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this press release, including the accuracy, completeness or correctness of any of the information, statements or opinions made, or reports contained in this press release.

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