

SIN GHEE HUAT CORPORATION LTD

Company Registration No:197700475Z
Incorporated in Singapore



UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH 2016

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENT OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

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

Consolidated Income Statement

	Group					
	Third quarter ended		Increase/ (Decrease) %	Nine months ended		Increase/ (Decrease) %
	31/03/2016	31/03/2015		31/03/2016	31/03/2015	
S\$'000	S\$'000		S\$'000	S\$'000		
Revenue	13,252	14,114	(6)	41,175	44,079	(7)
Cost of sales	(11,249)	(11,038)	2	(33,915)	(34,371)	(1)
Gross profit	2,003	3,076	(35)	7,260	9,708	(25)
Other operating income	104	669	(84)	325	1,123	(71)
Distribution costs	(1,610)	(1,518)	6	(4,781)	(4,730)	1
Administrative expenses	(894)	(864)	3	(2,643)	(2,526)	5
Other operating expenses	(594)	(112)	430	(153)	(112)	37
Results from operating activities	(991)	1,251	NM	8	3,463	(100)
Finance income	73	62	18	209	188	11
Finance costs	(2)	-	NM	(7)	-	NM
Share of profit of joint venture	22	12	83	31	12	158
(Loss) / profit before tax	(898)	1,325	NM	241	3,663	(93)
Tax income/(expense)	146	(287)	NM	(78)	(690)	(89)
Net (loss) / profit for the period	(752)	1,038	NM	163	2,973	(95)
Earnings per share						
Basic (cents)	(0.34)	0.47		0.07	1.34	
Diluted (cents)	(0.34)	0.47		0.07	1.34	

NM: No meaning

1(a)(ii) Consolidated Statement of Comprehensive Income

	Group					
	Third quarter ended		Increase/ (Decrease) %	Nine months ended		Increase/ (Decrease) %
	31/03/2016	31/03/2015		31/03/2016	31/03/2015	
S\$'000	S\$'000		S\$'000	S\$'000		
Net (loss) / profit for the period	(752)	1,038	NM	163	2,973	(95)
Other comprehensive income:						
Foreign currency translation differences for foreign operations	(31)	55	NM	(17)	114	NM
Total comprehensive (loss)/income for the period	(783)	1,093	NM	146	3,087	(95)
Attributable to:						
Equity holders of the Company	(783)	1,093	NM	146	3,087	(95)
Total comprehensive income for the period	(783)	1,093	NM	146	3,087	(95)

1(a)(iii) Net (loss)/profit for the period has been arrived at after crediting/(charging) the following:

	Group			
	Third quarter ended		Nine months ended	
	31/03/2016	31/03/2015	31/03/2016	31/03/2015
	S\$'000	S\$'000	S\$'000	S\$'000
Depreciation of property, plant and equipment	(268)	(266)	(810)	(777)
Gain on disposal of property, plant and equipment	–	7	9	64
Foreign currency exchange (loss) / gain	(506)	443	173	825
Finance income	73	62	209	188
Finance costs	(2)	–	(7)	–
Allowance for doubtful debts, trade	(90)	(112)	(151)	(112)
Allowance for inventories, net	(112)	(110)	(251)	(104)
Inventories written off, net	(4)	(19)	(13)	(37)

(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.*

Statement of Financial Position

	Group		Company	
	31/03/2016	30/06/2015	31/03/2016	30/06/2015
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	8,215	8,912	7,826	8,479
Investment in subsidiaries	–	–	7,464	7,464
Investment in joint venture	99	68	50	50
Other financial assets	5,081	5,095	5,081	5,095
Deferred tax assets	–	–	22	–
	<u>13,395</u>	<u>14,075</u>	<u>20,443</u>	<u>21,088</u>
Current assets				
Inventories	40,475	44,749	30,123	33,922
Trade and other receivables	12,017	18,483	17,557	24,391
Cash and cash equivalents	23,164	16,870	20,960	13,957
	<u>75,656</u>	<u>80,102</u>	<u>68,640</u>	<u>72,270</u>
Total assets	<u>89,051</u>	<u>94,177</u>	<u>89,083</u>	<u>93,358</u>
Equity attributable to equity holders of the Company				
Share capital	45,750	45,750	45,750	45,750
Revaluation reserve	2,845	2,845	2,845	2,845
Currency translation reserve	100	117	–	–
Retained earnings	37,232	40,399	38,240	41,345
Total equity	<u>85,927</u>	<u>89,111</u>	<u>86,835</u>	<u>89,940</u>
Non-current liabilities				
Deferred tax liabilities	4	43	–	17
Current liabilities				
Trade and other payables	2,661	3,742	2,098	2,682
Trade financing	305	548	–	–
Current tax liabilities	154	733	150	719
	<u>3,120</u>	<u>5,023</u>	<u>2,248</u>	<u>3,401</u>
Total liabilities	<u>3,124</u>	<u>5,066</u>	<u>2,248</u>	<u>3,418</u>
Total equity and liabilities	<u>89,051</u>	<u>94,177</u>	<u>89,083</u>	<u>93,358</u>

1(b)(ii) *Aggregate amount of group's borrowings and debt securities***Amount repayable in one year or less, or on demand (\$'000)**

<u>As at 31 March 2016</u>		<u>As at 30 June 2015</u>	
Secured	Unsecured	Secured	Unsecured
-	305	-	548

Amount repayable after one year (\$'000)

<u>As at 31 March 2016</u>		<u>As at 30 June 2015</u>	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

The unsecured group borrowings comprised trade financing facility utilised by a subsidiary arising from the ordinary course of business.

- 1(c) *A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.*

Consolidated Statement of Cash Flows

Group

	Third quarter ended		Nine months ended	
	31/03/2016	31/03/2015	31/03/2016	31/03/2015
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
(Loss)/Profit for the period	(752)	1,038	163	2,973
Adjustments for :				
Depreciation of property, plant and equipment	268	266	810	777
Gain on disposal of property, plant and equipment	-	(7)	(9)	(64)
Finance income	(73)	(62)	(209)	(188)
Interest expenses	2	-	7	-
Tax (income)/expense	(146)	287	78	690
Share of profit of joint venture	(22)	(12)	(31)	(12)
	(723)	1,510	809	4,176
Changes in operating assets and liabilities:				
Trade and other receivables	3,739	265	6,466	2,849
Trade and other payables	(909)	(389)	(1,081)	(363)
Inventories	2,283	(946)	4,274	(6,459)
Net cash from operations	4,390	440	10,468	203
Income tax paid	(338)	(300)	(696)	(607)
Net cash from operating activities	4,052	140	9,772	(404)
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	-	13	11	167
Purchase of property, plant and equipment	(21)	(234)	(115)	(753)
Investment in joint venture	-	(50)	-	(50)
Interest received	78	66	223	203
Net cash generated from/(used in) investing activities	57	(205)	119	(433)
Cash flows from financing activities				
Interest paid	(2)	-	(7)	-
Repayment of trade financing	(19)	-	(243)	-
Dividend paid	-	-	(3,330)	(3,330)
Net cash used in financing activities	(21)	-	(3,580)	(3,330)
Net increase/(decrease) in cash and cash equivalents	4,088	(65)	6,311	(4,167)
Cash and cash equivalents at beginning of the period	19,107	14,634	16,870	18,677
Effect of exchange rates fluctuations	(31)	55	(17)	114
Cash and cash equivalents at end of the period	23,164	14,624	23,164	14,624
Cash and cash equivalents comprise:				
Cash and bank balances	18,164	9,624	18,164	9,624
Short-term bank deposits	5,000	5,000	5,000	5,000
	23,164	14,624	23,164	14,624

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 capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.*

Consolidated Statement of Changes in Equity for the Group

	Share capital	Revaluation reserve	Translation reserve	Retained earnings	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 July 2015	45,750	2,845	117	40,399	89,111
Total comprehensive income for half year ended 31 December 2015	-	-	14	915	929
Dividend paid	-	-	-	(3,330)	(3,330)
Balance as at 31 December 2015	45,750	2,845	131	37,984	86,710
Total comprehensive income for the quarter ended 31 March 2016	-	-	(31)	(752)	(783)
Balance as at 31 March 2016	45,750	2,845	100	37,232	85,927
Balance as at 1 July 2014	45,750	1,860	37	40,186	87,833
Total comprehensive income for half year ended 31 December 2014	-	-	59	1,935	1,994
Dividend paid	-	-	-	(3,330)	(3,330)
Balance as at 31 December 2015	45,750	1,860	96	38,791	86,497
Total comprehensive income for the quarter ended 31 March 2015	-	-	55	1,038	1,093
Balance as at 31 March 2015	45,750	1,860	151	39,829	87,590

Statement of Changes in Equity for the Company

	Share capital	Revaluation reserve	Retained earnings	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 July 2015	45,750	2,845	41,345	89,940
Total comprehensive income for half year ended 31 December 2015	-	-	935	935
Dividend paid	-	-	(3,330)	(3,330)
Balance as at 31 December 2015	45,750	2,845	38,950	87,545
Total comprehensive income for the quarter ended 31 March 2016	-	-	(710)	(710)
Balance as at 31 March 2016	45,750	2,845	38,240	86,835
Balance as at 1 July 2014	45,750	1,860	40,777	88,387
Total comprehensive income for half year ended 31 December 2014	-	-	2,272	2,272
Dividend paid	-	-	(3,330)	(3,330)
Balance as at 31 December 2014	45,750	1,860	39,719	87,329
Total comprehensive income for the quarter ended 31 March 2015	-	-	1,152	1,152
Balance as at 31 March 2015	45,750	1,860	40,871	88,481

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 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 share capital of the Company during the period reported on.

There were no outstanding convertibles and treasury shares as at 31 March 2016 and 31 March 2015.

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:*

	As at 31/03/2016	As at 30/06/2015
Number of shares in issue	222,000,000	222,000,000

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 report on:*

Not applicable.

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 the 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.*

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial period as those of the audited financial statements for the financial year ended 30 June 2015.

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.*

Not applicable.

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

	Group		Group	
	Third quarter ended		Nine months ended	
	31/03/2016	31/03/2015	31/03/2016	31/03/2015
Earnings per share (cents)				
(a) based on weighted average number of shares in issue	(0.34)	0.47	0.07	1.34
(b) on a fully diluted basis	(0.34)	0.47	0.07	1.34
Weighted average number of shares in issue	222,000,000	222,000,000	222,000,000	222,000,000

7. *Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:*

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

Net Asset Value per Share

	Group		Company	
	31/03/2016	30/06/2015	31/03/2016	30/06/2015
Net asset value per share based on issued share capital (cents)	38.7	40.1	39.1	40.5
Number of shares on issue	222,000,000	222,000,000	222,000,000	222,000,000

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 and liabilities of the group during the current financial period reported on.*

REVIEW OF PERFORMANCE

Consolidated Income Statement

For the third quarter ended 31 March 2016 ("3Q2016")

The Group posted a revenue of \$13.25 million for the third quarter ended 31 March 2016 compared with \$14.11 million recorded for 3Q2015, the corresponding quarter of the preceding financial year. Market demand continued to be weak.

Gross profit for 3Q2016 decreased significantly to \$2.00 million (3Q2015: \$3.08 million) mainly due to lower revenue as well as lower profit margins.

Other operating income for 3Q2016 was lower at \$104,000 (3Q2015: \$669,000) whilst other operating expenses for 3Q2016 were higher at \$594,000 (3Q2015: \$112,000). The wide disparity was mainly because there was a foreign currency exchange gain of \$443,000 in 3Q2015 whereas 3Q2016 recorded a foreign currency exchange loss of \$506,000 arising from the weaker USD currency prevailing in 3Q2016 compared to 3Q2015 in relation to USD-denominated trade receivables and bank balances. In

addition, government grants and subsidies received in 3Q2016 were lower, which also reduced the other operating income for 3Q2016, albeit to a lesser extent.

The above factors largely resulted in a net loss of \$752,000 for 3Q2016 compared with a net profit of \$1.04 million posted in 3Q2015.

Consolidated Income Statement For the nine months ended 31 March 2016

Revenue posted for the nine months ended 31 March 2016 ("9M2016") was \$41.18 million, 7% lower than the \$44.08 million recorded in 9M2015, the corresponding period of the preceding year. Market demand remained weak amid slowing economies in Singapore and the region.

Gross profit for 9M2016 decreased to \$7.26 million (9M2015: \$9.71 million) largely due to lower revenue as well as lower average selling price which declined more proportionately than the decrease in average cost price for the period.

Other operating income for 9M2016 was lower at \$325,000 (9M2015: \$1.12 million) mainly due to lower foreign currency exchange gain of \$173,000 (9M2015: \$825,000), as well as lower gain on disposal of property, plant and equipment of \$9,000 (9M2015: \$64,000).

Other operating expenses for 9M2016 were higher at \$153,000 (9M2015: \$112,000) mainly due to higher provision for doubtful debts of \$151,000 (9M2015: 112,000).

The above factors collectively contributed to significant decline in profit before tax and net profit for the nine months ended 31 March 2016.

Financial Position and Cash Flows

Inventories were lower at \$40.48 million compared with \$44.75 million nine months ago largely due to scaled-down replenishments of inventories as market demand continued to stay subdued.

Trade and other receivables decreased to \$12.02 million (30 June 2015: \$18.48 million) mainly due to lower sales and lower prepayments to suppliers.

Net cash from operating activities for 3Q2016 rose to \$4.05 million (3Q2015: \$140,000) largely because less cash was expended for inventory replenishments and lower prepayments to suppliers. Similarly, net cash from operating activities for 9M2016 was a positive \$9.77 million versus a negative \$404,000 in 9M2015. These contributed to an increase in cash and cash equivalents during the period under review.

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

The Group recorded a loss for the third quarter ended 31 March 2016 consistent with the profit guidance issued on 8 April 2016.

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.*

Market conditions continue to be difficult. Competition remains intense, and demand for our products and revenue are adversely affected by the market conditions. Given such a situation, the Group is expected to incur a loss for the fourth quarter and full year ending 30 June 2016. We shall however continue to monitor closely inventories and cost control in order to tide through this difficult time.

11. Dividend*(a) Current Financial Period Reported On*

Any dividend declared for the current financial period reported on? No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

(c) Date payable: Not applicable

(d) Books closure date: Not applicable

(e) The date on which Registrable Transfers received by the company will be registered before entitlements to the dividend are determined: Not applicable

12. *If no dividend has been declared (recommended), a statement to that effect.*

No dividend has been declared or recommended for the quarter ended 31 March 2016.

13. *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 Group does not have any general mandate from shareholders pursuant to Rule 920.

14. *Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).*

The Company confirms that the undertakings under Rule 720(1) of the Listing Manual have been obtained from all its directors and executive officers in the format set out in Appendix 7.7.

Confirmation by Directors

Pursuant to Rule 705(5) of the Listing Manual, we, the undersigned, on behalf of the Board of Directors of the Company, confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements for the third quarter ended 31 March 2016 to be false or misleading in any material aspect.

Kua Ghim Siong
Director / Chief Executive Officer

Kua Chee Seng
Director

BY ORDER OF THE BOARD

Kua Ghim Siong
Director / Chief Executive Officer
10 May 2016