

SIN GHEE HUAT CORPORATION LTD

Company Registration No:197700475Z
Incorporated in Singapore



UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER AND HALF YEAR ENDED 31 DECEMBER 2014

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					
	Second quarter ended		Increase/ (Decrease)	Half year ended		Increase/ (Decrease)
	31/12/2014	31/12/2013		31/12/2014	31/12/2013	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	14,780	13,497	10	29,965	31,104	(4)
Cost of sales	(11,407)	(10,961)	4	(23,333)	(25,073)	(7)
Gross profit	3,373	2,536	33	6,632	6,031	10
Other operating income	307	16	1819	454	78	482
Distribution costs	(1,657)	(1,311)	26	(3,212)	(2,616)	23
Administrative expenses	(842)	(757)	11	(1,662)	(1,552)	7
Other operating expenses	(4)	(7)	(43)	-	-	-
Results from operating activities	1,177	477	147	2,212	1,941	14
Net finance income	58	59	(2)	126	136	(7)
Profit before tax	1,235	536	130	2,338	2,077	13
Tax expense	(220)	(100)	120	(403)	(440)	(8)
Net profit for the period	1,015	436	133	1,935	1637	18
Earnings per share						
Basic (cents)	0.46	0.20		0.87	0.74	
Diluted (cents)	0.46	0.20		0.87	0.74	

1(a)(ii) Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Group					
	Second quarter ended		Increase/ (Decrease)	Half year ended		Increase/ (Decrease)
	31/12/2014	31/12/2013		31/12/2014	31/12/2013	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Net profit for the period	1,015	436	133	1,935	1,637	18
Other comprehensive income:						
Foreign currency translation differences for foreign operations	29	11	164	59	22	168
Total comprehensive income for the period	1,044	447	134	1,994	1,659	20
Attributable to:						
Equity holders of the Company	1,044	447	134	1,994	1,659	20
Total comprehensive income for the period	1,044	447	134	1,994	1,659	20

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

	Group			
	Second quarter ended		Half year ended	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	S\$'000	S\$'000	S\$'000	S\$'000
Depreciation of property, plant and equipment	(261)	(227)	(511)	(454)
Gain on disposal of property, plant and equipment	14	-	57	-
Foreign currency exchange gain / (loss)	289	(3)	382	44
Net finance income	58	59	126	136
Reversal of allowance for doubtful debts - trade	-	-	-	6
Reversal of allowance / (allowance for) inventories, net	23	6	6	10
Inventories written back / (written off), net	(22)	(3)	(18)	(4)

(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	
	31/12/2014	30/06/2014	31/12/2014	30/06/2014
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	8,185	8,274	7,831	7,924
Investment in subsidiaries	–	–	7,607	7,607
Other financial assets	5,124	5,135	5,124	5,135
	<u>13,309</u>	<u>13,409</u>	<u>20,562</u>	<u>20,666</u>
Current assets				
Inventories	43,744	38,231	35,641	34,470
Trade and other receivables	19,572	22,156	22,165	22,612
Cash and cash equivalents	14,634	18,677	13,308	15,060
	<u>77,950</u>	<u>79,064</u>	<u>71,114</u>	<u>72,142</u>
Total assets	<u>91,259</u>	<u>92,473</u>	<u>91,676</u>	<u>92,808</u>
Equity attributable to equity holders of the Company				
Share capital	45,750	45,750	45,750	45,750
Revaluation reserve	1,860	1,860	1,860	1,860
Currency translation reserve	96	37	–	–
Retained earnings	38,791	40,186	39,719	40,777
Total equity	<u>86,497</u>	<u>87,833</u>	<u>87,329</u>	<u>88,387</u>
Non-current liabilities				
Deferred tax liabilities	<u>110</u>	<u>74</u>	<u>83</u>	<u>47</u>
Current liabilities				
Trade and other payables	3,874	3,848	3,475	3,680
Current tax liabilities	778	718	789	694
	<u>4,652</u>	<u>4,566</u>	<u>4,264</u>	<u>4,374</u>
Total liabilities	<u>4,762</u>	<u>4,640</u>	<u>4,347</u>	<u>4,421</u>
Total equity and liabilities	<u>91,259</u>	<u>92,473</u>	<u>91,676</u>	<u>92,808</u>

1(b)(ii) Aggregate amount of group's borrowings and debt securities

The Group and the Company did not have any borrowings as at 31 December 2014 and 30 June 2014.

- 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			
	Second quarter ended		Half year ended	
	31/12/2014 S\$'000	31/12/2013 S\$'000	31/12/2014 S\$'000	12/12/2013 S\$'000
Cash flows from operating activities				
Profit for the period	1,015	436	1,935	1,637
Adjustments for :				
Depreciation of property, plant and equipment	261	227	511	454
Gain on disposal of property, plant and equipment	(14)	-	(57)	-
Net finance income	(58)	(59)	(126)	(136)
Tax expense	220	100	403	440
	1,424	704	2,666	2,395
Changes in:				
Trade and other receivables	(590)	526	2,584	1,410
Trade and other payables	607	(302)	26	(293)
Inventories	(4,582)	(1,982)	(5,513)	(6,129)
Net cash used in operations	(3,141)	(1,054)	(237)	(2,617)
Tax paid	(301)	(422)	(307)	(427)
Net cash used in operating activities	(3,442)	(1,476)	(544)	(3,044)
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	38	-	154	-
Purchase of property, plant and equipment	(91)	(153)	(519)	(408)
Purchase of other financial assets	-	-	-	-
Interest received	64	64	137	180
Net cash generated from / (used in) investing activities	11	(89)	(228)	(228)
Cash flows from financing activities				
Dividend paid	(3,330)	(3,996)	(3,330)	(3,996)
Net cash used in financing activities	(3,330)	(3,996)	(3,330)	(3,996)
Net decrease in cash and cash equivalents	(6,761)	(5,561)	(4,102)	(7,268)
Cash and cash equivalents at beginning of the period	21,366	21,352	18,677	23,048
Effect of exchange rates fluctuations	29	11	59	22
Cash and cash equivalents at end of the period	14,634	15,802	14,634	15,802
Cash and cash equivalents comprise:				
Cash and bank balances	8,634	5,802	8,634	5,802
Short-term bank deposits	6,000	10,000	6,000	10,000
	14,634	15,802	14,634	15,802

- 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 2014	45,750	1,860	37	40,186	87,833
Total comprehensive income for the quarter ended 30 September 2014	-	-	30	920	950
Balance as at 30 September 2014	45,750	1,860	67	41,106	88,783
Total comprehensive income for the quarter ended 31 December 2014	-	-	29	1,015	1,044
Dividend paid	-	-	-	(3,330)	(3,330)
Balance as at 31 December 2014	45,750	1,860	96	38,791	86,497
Balance as at 1 July 2013	45,750	1,860	60	40,506	88,176
Total comprehensive income for the quarter ended 30 September 2013	-	-	11	1,201	1,212
Balance as at 30 September 2013	45,750	1,860	71	41,707	89,388
Total comprehensive income for the quarter ended 31 December 2013	-	-	11	436	447
Dividend paid	-	-	-	(3,996)	(3,996)
Balance as at 31 December 2013	45,750	1,860	82	38,147	85,839

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 2014	45,750	1,860	40,777	88,387
Total comprehensive income for the quarter ended 30 September 2014	-	-	1,087	1,087
Balance as at 30 September 2014	45,750	1,860	41,864	89,474
Total comprehensive income for the quarter ended 31 December 2014	-	-	1,185	1,185
Dividend paid	-	-	(3,330)	(3,330)
Balance as at 31 December 2014	45,750	1,860	39,719	87,329
Balance as at 1 July 2013	45,750	1,860	40,701	88,311
Total comprehensive income for the quarter ended 30 September 2013	-	-	1,237	1,237
Balance as at 30 September 2013	45,750	1,860	41,938	89,548
Total comprehensive income for the quarter ended 31 December 2013	-	-	518	518
Dividend paid	-	-	(3,996)	(3,996)
Balance as at 31 December 2013	45,750	1,860	38,460	86,070

- 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 December 2014 and 31 December 2013.

- 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 31/12/2014	As at 30/06/2014
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 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.*

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	
	Second quarter ended		Half year ended	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Earnings per share (cents)				
(a) based on weighted average number of shares in issue	0.46	0.20	0.87	0.74
(b) on a fully diluted basis	0.46	0.20	0.87	0.74
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	
	31/12/2014	30/06/2014	31/12/2014	30/06/2014
Net asset value per share based on issued share capital (cents)	39.0	39.6	39.3	39.8
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 second quarter ended 31 December 2014 ("2Q2015")

The Group posted a revenue of \$14.78 million for the second quarter ended 31 December 2014 - 10% higher than the \$13.50 million recorded for 2Q2014, the corresponding quarter of the previous financial year. The higher revenue was largely attributed to increase in volume.

Gross profit for 2Q2015 increased to \$3.37 million (2Q2014: \$2.54 million) mainly due to product mix (which also contributed to improved gross profit margin) and higher revenue.

Other operating income for 2Q2015 was higher at \$307,000 (2Q2014: \$16,000) mainly due to foreign currency exchange gain of \$289,000 (2Q2014: \$3,000 in exchange loss) recorded in 2Q2015.

Distribution costs and administrative expenses for 2Q2015 were higher compared with 2Q2014 mainly due to increase in manpower and facilities costs (including those attributed to SG Specialty Metals Pte. Ltd., our subsidiary, for which there were no comparable costs and expenses in 2Q2014 as the subsidiary was not yet incorporated until March 2014).

Depreciation was higher in 2Q2015 than in 2Q2014 mainly due to new plant and equipment purchased during the first half of the current financial year.

The above factors largely resulted in higher profit before tax (hence increase in tax expense) as well as net profit for the quarter.

Consolidated Income Statement For the half year ended 31 December 2014 ("1H2015")

Group revenue for the half year ended 31 December 2014 was \$29.97 million - 4% lower than the \$31.10 million posted in 1H2014, the corresponding period of the preceding year.

For 1H2015, other operating income was higher primarily due to foreign currency exchange gain of \$382,000 (1H2014: \$44,000) and a gain of \$57,000 (1H2014: \$nil) on disposal of plant and equipment.

Distribution costs and administrative expenses for 1H2015 were higher compared with 1H2014 mainly due to increase in manpower and facilities costs (including those attributed to SG Specialty Metals Pte. Ltd., our subsidiary, for which there were no comparable costs and expenses in 1H2014 as the subsidiary was not yet incorporated until March 2014).

Financial Position and Cash Flows

In anticipation of customer requirements, the Group had further expanded its product range and increased the inventory holding by \$4.58 million (2Q2014: \$1.98 million) during 2Q2015. A significant proportion of the increase was attributed to new products carried by the Singapore subsidiary companies.

Trade and other receivables increased by \$590,000 during 2Q2015 partly due to higher prepayments to certain suppliers for materials purchased and partly due to delay in payment by certain customers.

Arising from the foregoing, higher net cash amounting to \$3.14 million (2Q2014: \$1.05 million) was used in operations during 2Q2015. On the other hand, net cash used in operations for 1H2015 was a smaller amount of \$237,000 (1H2014: \$2.62 million) largely due to lower purchase of materials and higher collection of receivables during 1H2015 versus the corresponding period in the preceding financial year.

A dividend of \$3.33 million (2Q2014: \$4.00 million) was paid during 2Q2015 in respect of financial year ended 30 June 2014.

Cash and cash equivalents were lower at \$14.63 million as of 31 December 2014 compared to \$18.68 million six months ago largely due to the factors outlined above.

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

The quarter ended 31 December 2014 was profitable in line with expectation.

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.*

Customer demand is expected to be weaker. This is attributed to a decline in oil price. This in turn has resulted in budgets cuts and reduced spending amongst the oil majors, oil service companies and various end users who are our customers.

We will continue to manage our costs prudently to sustain profitability.

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 December 2014.

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.

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 second quarter ended 31 December 2014 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

12 February 2015