

Listed companies must provide the information required by Appendix 7.2 of the Listing Manual. Adequate disclosure should be given to explain any material extraordinary item either as a footnote of the material extraordinary item or in the "Review of the performance of the group".



**SPINDEX INDUSTRIES LIMITED**

**Half Year Financial Statement And Dividend Announcement for the Period Ended 31/12/2015**

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

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

	Group		
	S\$'000		%
	6 - month 31/12/15	6 - month 31/12/14	Change
Turnover	61,226	53,872	13.7%
Cost of sales	(47,076)	(41,552)	13.3%
Gross profit	14,150	12,320	14.9%
Other operating income	890	1,016	-12.4%
Distribution and selling expenses	(1,132)	(993)	14.0%
Administrative expenses	(4,766)	(5,086)	-6.3%
<b>Profit from operations</b>	<b>9,142</b>	<b>7,257</b>	<b>25.9%</b>
Financial expenses	(60)	(9)	566.7%
<b>Profit before tax</b>	<b>9,082</b>	<b>7,248</b>	<b>25.3%</b>
Income tax expense	(1,595)	(1,472)	8.4%
<b>Net profit for the period</b>	<b>7,487</b>	<b>5,776</b>	<b>29.6%</b>
<b>Other comprehensive income:</b>			
Foreign currency translation	(1,797)	1,125	NM
<b>Total comprehensive income for the period</b>	<b>5,690</b>	<b>6,901</b>	<b>-17.5%</b>
<b>Profit attributable to:</b>			
Owners of the Company	7,487	5,908	26.7%
Non-controlling interest	-	(132)	NA
	<b>7,487</b>	<b>5,776</b>	<b>29.6%</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	5,690	7,033	-19.1%
Non-controlling interest	-	(132)	NA
	<b>5,690</b>	<b>6,901</b>	<b>-17.5 %</b>

	Group		
	S\$'000		%
	31/12/15	31/12/14	Change
Interest income	33	52	-36.5%
Interest expense	(60)	(9)	566.7%
Depreciation of property, plant and equipment	(2,887)	(2,377)	21.5%
Amortisation of land use right	(8)	(8)	0%
(Write-down)/Write-back of inventories	(119)	64	NM
Foreign exchange gain, net	1,552	1,053	47.4%
Gain on disposal of property, plant and equipment	-	6	NM

Notes:

1. NM = Not Meaningful
2. Other operating income decreased by 12% mainly due to decrease in scrap income.
3. Interest expense increased by 567% mainly due to interest incurred on new banking facility obtained by Shanghai plant.
4. Administrative expenses decreased by 6% mainly due to overall favourable exchange difference.
5. The net foreign exchange gain was a result of the appreciation of US dollar against the Asian currencies.
6. Effective tax rate for the Group was lower at 18% mainly due to re-investment allowances for deduction of chargeable income in Malaysia plant and approved extension of tax holiday for one year in Hanoi plant.

**1(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.**

	GROUP		COMPANY	
	31/12/15 S\$'000	30/06/15 S\$'000	31/12/15 S\$'000	30/06/15 S\$'000
Share capital	13,145	13,145	13,145	13,145
Reserves	73,613	71,153	14,500	19,088
<b>Total equity</b>	<b>86,758</b>	<b>84,298</b>	<b>27,645</b>	<b>32,233</b>
<b>Non-current assets</b>				
Property, plant and equipment	42,488	42,723	2,053	2,237
Land use rights	299	293	-	-
Deferred tax assets	282	281		
Investment in subsidiaries	-	-	12,169	12,169
	43,069	43,297	14,222	14,406
<b>Current assets</b>				
Inventories	18,069	17,518	2,403	2,547
Trade receivables	26,462	28,693	5,157	5,401
Other receivables and deposits	1,579	2,548	94	3,908
Prepayments	2,539	2,885	64	75
Due from subsidiaries (trade)	-	-	1,469	1,943
Due from subsidiaries (non-trade)	-	-	212	677
Pledged bank balances	69	86	-	-
Fixed deposits	764	1,069	513	512
Cash and cash equivalents	25,793	21,516	10,656	11,152
	75,275	74,315	20,568	26,215
<b>Current liabilities</b>				
Trade payables	15,673	15,975	1,365	2,265
Other payables and accruals	9,658	13,471	2,512	3,097
Provision for defects	1,019	1,153	288	329
Due to subsidiaries (trade)	-	-	2,623	2,278
Due to subsidiaries (non-trade)	-	-	2	43
Bank loans	2,492	113	-	-
Provision for tax	423	192	-	-
Deferred capital grants	42	42	42	42
	29,307	30,946	6,832	8,054
<b>Net current assets</b>	<b>45,968</b>	<b>43,369</b>	<b>13,736</b>	<b>18,161</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities	1,835	1,910	7	7
Provision for restoration costs	138	131	-	-
Deferred capital grants	306	327	306	327
	2,279	2,368	313	334
<b>Net assets</b>	<b>86,758</b>	<b>84,298</b>	<b>27,645</b>	<b>32,233</b>

Notes:

1. Inventories increased by 3% mainly due to more stock holding of finished goods for subsequent month sales.
2. Trade receivables decreased by 8% mainly due to improved collections.
3. Other receivables and deposits decreased by 38% mainly due to receipt of \$1,750,000 arising from the disposal of a subsidiary.
4. Fixed deposits and cash and cash balances increased by 17% mainly due to collections from trade receivables and proceed from disposal of a subsidiary.
5. Other payables and accruals decreased by 28% mainly due to lesser capex expenditures.
6. Increase in bank loans mainly due to new bank loan obtained by Shanghai plant.
7. Deferred capital grants relate to the government grants received on qualified capital expenditures and will be amortised over the assets' useful life.

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

**Amount repayable in one year or less, or on demand**

As at 31/12/2015		As at 30/6/2015	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
2,492	-	113	-

**Amount repayable after one year**

As at 31/12/2015		As at 30/6/2015	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	-	-	-

**Details of any collateral**

The bank loan of S\$113,000 which is secured by the land & building of the Malaysia subsidiary and a corporate guarantee from the Company has been fully repaid in October 2015.

As at 31 December 2015, Shanghai plant utilised the amount of S\$2,492,000 bank facilities for its working capital needs. The bank loan is secured by its leasehold property and a corporate guarantee from the Company.

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

	<b>31/12/15 S\$'000</b>	<b>31/12/14 S\$'000</b>
<b>Operating activities</b>		
Profit before tax	9,082	7,248
Adjustments for:		
Depreciation of property, plant and equipment	2,887	2,377
Amortisation of deferred capital grants	(21)	(3)
Amortisation of land use right	8	8
Gain on disposal of property, plant and equipment	-	(6)
Interest expense	60	9
Interest income	(33)	(52)
Write-down/(write-back) of inventories	119	(64)
Provision for defects	553	540
Reversal of provision for defects	(648)	(620)
Unrealised exchange (gain)/loss	(608)	529
Operating cash flow before working capital changes	11,399	9,966
(Increase) / decrease in:		
Inventories	(664)	(272)
Trade receivables	2,229	(766)
Other receivables and deposits	969	(239)
Prepayments	346	(1,971)
(Decrease) / increase in:		
Trade payables	(302)	(484)
Other payables and accruals	(3,820)	(193)
Cash flow from operations	10,157	6,041
Income taxes paid	(1,308)	(998)
Interest paid	(60)	(9)
Interest received	33	52
Net cash flows from operating activities	8,822	5,086
<b>Investing activities</b>		
Proceeds from government grants	-	394
Proceeds from sale of fixed assets	-	17
Purchase of property, plant and equipment	(3,939)	(4,262)
Net cash used in investing activities	(3,939)	(3,851)
<b>Financing activities</b>		
Dividends paid on ordinary shares	(3,230)	(2,538)
Proceeds from bank loan	2,492	-
Repayment of term loans	(107)	(166)
Net cash flows used in financing activities	(845)	(2,704)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>4,038</b>	<b>(1,469)</b>
<b>Cash and cash equivalents at beginning of financial period</b>	<b>22,584</b>	<b>26,240</b>
<b>Currency alignment on opening cash balances</b>	<b>(65)</b>	<b>281</b>
<b>Cash and cash equivalents at end of financial period</b>	<b>26,557</b>	<b>25,052</b>

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.

	Equity attributable to owners of the Company						
	Share Capital S\$'000	Foreign Currency Translation Reserve S\$'000	Reserve Fund S\$'000	Accumulated Profit S\$'000	Total Reserves S\$'000	Non-controlling interest S\$'000	Total Equity S\$'000
<b>GROUP</b>							
At 1 July 2015	13,145	(4,475)	3,368	72,260	71,153	-	84,298
Total comprehensive income for the financial period	-	(1,797)	-	7,487	5,690	-	5,690
Appropriation to/(from) reserve fund/ accumulated profit	-	-	261	(261)	-	-	-
Dividends on ordinary shares	-	-	-	(3,230)	(3,230)	-	(3,230)
At 31 Dec 2015	13,145	(6,272)	3,629	76,256	73,613	-	86,758
	Equity attributable to owners of the Company						
	Share Capital S\$'000	Foreign Currency Translation Reserve S\$'000	Reserve Fund S\$'000	Accumulated Profit S\$'000	Total Reserves S\$'000	Non-controlling interest S\$'000	Total Equity S\$'000
<b>GROUP</b>							
At 1 July 2014	13,145	(4,320)	3,109	62,623	61,412	(48)	74,509
Total comprehensive income for the financial period	-	1,125	-	5,908	7,033	(132)	6,901
Appropriation to/(from) reserve fund/ accumulated profit	-	-	141	(141)	-	-	-
Dividends on ordinary shares	-	-	-	(2,538)	(2,538)	-	(2,538)
At 31 Dec 2014	13,145	(3,195)	3,250	65,852	65,907	(180)	78,872

← Attributable to equity holders of the Company →				
	Share Capital S\$'000	Accumulated Profit S\$'000	Total Reserve S\$'000	Total Equity S\$'000
<b><u>COMPANY</u></b>				
At 1 July 2015	13,145	19,088	19,088	32,233
Total comprehensive income for the financial period	-	(1,358)	(1,358)	(1,358)
Dividends on ordinary shares	-	(3,230)	(3,230)	(3,230)
At 31 Dec 2015	13,145	14,500	14,500	27,645

← Attributable to equity holders of the Company →				
	Share Capital S\$'000	Accumulated Profit S\$'000	Total Reserve S\$'000	Total Equity S\$'000
<b><u>COMPANY</u></b>				
At 1 July 2014	13,145	19,722	19,722	32,867
Total comprehensive income for the financial period	-	(758)	(758)	(758)
Dividends on ordinary shares	-	(2,538)	(2,538)	(2,538)
At 31 Dec 2014	13,145	16,426	16,426	29,571

**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.**

The Company did not issue any shares during the financial period ended 31 December 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.**

	<u>31/12/15</u>	<u>31/12/14</u>
The total number of issued shares (excluding treasury shares)	115,365,000	115,365,000

**1(d)(iv) A statement showing all shares, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There were no sales, transfers, disposal, cancellation and/or use of treasury shares for the financial period ended 31 December 2015.

**2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited nor 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.**

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the current financial period as with those in the most recently audited financial statements as at 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.**

In the current period, the Group has adopted all the new/revised Financial Reporting Standards which took effect for annual periods beginning on or after 1 July 2015. The adoption of the above FRS did not result in any substantial change in the Group's accounting policies.



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.**

	<b>Latest period</b>	<b>Previous corresponding period</b>
	<b>31/12/15</b>	<b>31/12/14</b>
	(cents)	(cents)
Earnings per ordinary share for the period after deducting any provision for preference dividends:-		
(i) Based on weighted average number of ordinary shares in issue	6.49	5.12
(ii) On a fully diluted basis	6.49	5.12

Basis earnings per share is computed based on the weighted average number of ordinary shares in issue of 115,365,000 (31 December 2014 : 115,365,000).

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-**  
**(a) current financial period reported on; and**  
**(b) immediately preceding financial year.**

	<b>Group</b>		<b>Company</b>	
	<b>Latest period</b>	<b>Immediately preceding period</b>	<b>Latest period</b>	<b>Immediately preceding period</b>
	<b>31/12/15</b>	<b>30/06/15</b>	<b>31/12/15</b>	<b>30/06/15</b>
	(cents)	(cents)	(cents)	(cents)
Net tangible asset backing per ordinary share based on existing issued share capital as at the end of the period reported on	75.20	73.07	23.96	27.94

Net asset value per ordinary share is computed on 115,365,000 ordinary shares in issue as at 31 December 2015 (30 June 2015 : 115,365,000).

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

The Spindex Group is an integrated solution provider of precision-machined components and assemblies for use in machinery & automotive systems, imaging & printing equipment, consumer-lifestyle and healthcare products.

## Turnover

In 1H FY2016, business sentiments remained cautious as economic uncertainties prevailed. Despite the challenges, the Group achieved 14% increase in turnover to \$61.2m for the six months ended 31 December 2015.

Revenue by Business Sector	1H FY2016 S\$m	1H FY2015 S\$m	Change (%)
Machinery and Automotive Systems (MA)	29.5	24.7	+ 19%
Imaging & Printing (IP)	17.2	17.7	(3%)
Others	14.5	11.5	+ 26%
Total	61.2	53.9	+ 14%

Turnover from MA business sector grew 19% to \$29.5 million in 1H FY2016. Despite competitive business conditions, the Group's marketing efforts and consistent performance resulted in higher orders from customers as well as new projects for both automotive and machinery components. As a result of stronger demand, sales of machine tools and automotive systems rose 22% and 18% respectively.

While turnover from IP remained relatively constant at \$17.2 million with stable demand from customers, revenue from the rest of the Group's businesses, categorised under "Others", jumped 26% to \$14.5 million. The increase was mainly attributed to higher sales of components for domestic appliances following the commencement of higher volume production for new projects.

## Profitability

Driven by higher turnover in 1H FY2016, gross profit rose 15% to \$14.2 million with gross profit margin remaining stable at 23%. To support the increase in sales, the Group incurred additional distribution and selling expenses. However, overall operating costs remained well-controlled as administrative expenses declined as a result of higher foreign exchange gain from the strengthening of the US dollar against Asian currencies during the period. With higher gross profit and lower operating costs, profit before tax grew 25% to \$9.1 million.

Despite higher income tax expenses with improved profitability, the effective tax rate for the Group declined from 20% in 1H FY2015 to 18% in 1H FY2016. The decrease was mainly due to a utilisation of reinvestment allowances and an extension of tax holiday for an overseas plant. For 1H FY2016, profit attributable to shareholders increased to \$7.5 million, an improvement of 27% over 1H FY2015.

## Cash Flow & Balance Sheet

For the six months ended 31 December 2015, the Group generated strong net cash inflow of \$8.8 million from operating activities, 73% higher compared to the previous comparable period. The increase was mainly attributed to improved profitability and trade receivables collection. After accounting for cash used to finance the purchase of fixed assets, payment of dividend and repayment of term loans, the Group achieved a healthy net increase in cash and cash equivalent amounting to \$4.0 million

On the balance sheet, inventories rose due to higher turnover and trade receivables declined with improved collections. The Group incurred some borrowings by obtaining a new bank loan to support a higher level of manufacturing activities at the Shanghai plant. However, debt level remained low compared to fixed deposits, cash and cash equivalents totalling \$26.6 million as at 31 December 2015. The balance sheet of the Group remained healthy with a strong net cash position.

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

The result is in line with the sentiments expressed in the prospect statement disclosed in the previous results announcement.

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.**

In view of continuing economic uncertainties in the global economy, the Group retains a cautious outlook for the rest of the financial year. Business risks and economic developments will be closely monitored and managed in order to minimise any adverse impact on profitability.

The Group will maintain its marketing efforts to focus on business from selective industries. To remain a competitive manufacturing partner to its customers, the Group will continue to improve cost management and optimize resources by improving productivity, refining work processes and selective restructuring in its operations.

11. **Dividend**

***(a) Current Financial Period Reported On***

Any dividend recommended 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

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

No interim dividend has been declared or recommended in the current reporting period.

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 an interested person transaction mandate.

**14. Confirmation by the Board of Directors pursuant to Rule 705(5) of the listing manual.**

The Board confirms that, to the best of their knowledge, nothing has come to their attention which may render the interim financial statements for the half year ended 31 December 2015, to be false or misleading in any material aspect.

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

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

**BY ORDER OF THE BOARD**

Tan Choo Pie @ Tan Chang Chai  
Chairman  
2 February 2016