

Dynamic Colours Limited
Incorporated in the Republic of Singapore
(Company registration no. 199304233Z)
Half Year 2017 Financial Statement and Dividend Announcement
For the year ended 30 June 2017



Section	Content	Page
1	Unaudited financial statements – 30 June 2017	
	1.(a)(i) Statement of Comprehensive Income (Group)	2
	1.(a)(ii) Notes to the Statement of Comprehensive Income (Group)	3
	1.(b)(i) Statement of Financial Position (Group and Company)	4
	1.(b)(ii) Aggregate amount of Group's Borrowings and Debt Securities	5
	1.(c) Statement of Cash Flows (Group)	6
	1.(d)(i) Statement of Changes in Equity (Group and Company)	7
	1.(d)(ii) Share Capital	9
	1.(d)(iii) Number of Issued Shares excluding Treasury Shares	9
	1.(d)(iv) Sales, Transfers, Disposals, Cancellations and/or use of Treasury Shares	9
	1.(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on	9
2	Audit - Whether figures have been audited or reviewed	9
3	Auditors' report (if audited)	9
4	Accounting policies	10
5	Changes in accounting policies	10
6	Earnings per ordinary share	10
7	Net asset value per ordinary share	11
8	Review of performance of the Group	11
9	Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results	13
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.	13
11	Dividend	13
12	If no dividend has been declared/recommended, a statement to that effect	14
13	Interested Person Transactions	14
14	Negative assurance confirmation on interim financial results pursuant to Rule 705(5) of the Listing Manual	14
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 Rule 720(1).	14

1.	Unaudited Financial Statements – 30 June 2017
1.(a)(i)	Statement of Comprehensive Income (Group) (An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year)

	Group		% Changes
	1H 2017 US\$'000	1H 2016 US\$'000	
Revenue	21,933	19,285	13.7
Cost of sales	(18,530)	(15,589)	18.9
Gross Profit	3,403	3,696	(7.9)
Other income	198	246	(19.5)
Distribution expenses	(450)	(393)	14.5
Administrative expenses	(1,130)	(1,420)	(20.4)
Other operating expenses	(55)	(118)	(53.4)
Net finance income	49	171	(71.3)
Profit before tax from continuing operations	2,015	2,182	(7.7)
Income tax expense	(465)	(393)	18.3
Profit for the financial year	1,550	1,789	(13.4)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations	147	(17)	964.7
	1,697	1,772	(4.2)
Profit attributable to:			
Owner of the company			
- Profit from continuing operations, net of tax	1,550	1,789	(13.4)
	1,550	1,789	(13.4)
Total comprehensive income attributable to:			
Owners of the company			
- Profit from continuing operations, net of tax	1,697	1,772	(4.2)
	1,697	1,772	(4.2)

1.(a)(ii) Notes to the Statement of Comprehensive Income (Group)

	Group		% Changes
	1H 2017 US\$'000	1H 2016 US\$'000	
<u>Continuing Operations:</u>			
After charging and crediting:			
Depreciation of property, plant and equipment	(775)	(549)	41.2
Profit on disposal of property, plant and equipment	3	45	(93.3)
Amortisation of intangible assets	(1)	(3)	(66.7)
Amortisation of lease prepayments	(9)	(4)	125.0
Finance income:			
Interest income	10	17	(41.2)
Foreign exchange gain, net	56	161	(65.2)
	66	178	(62.9)
Finance cost:			
Finance lease payable	(1)	-	100.0
Term loans	-	(5)	(100.0)
Trust receipts	(16)	(2)	700.0
	(17)	(7)	142.9
Net finance income	49	171	(71.3)
Income tax expense:			
Current tax expense	(465)	(392)	18.6
Deferred tax expense	-	(1)	(100.0)
	(465)	(393)	18.3

1.(b)(i)	Statement of Financial Position (Group and Company)
	Statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	30-Jun-17	31-Dec-16	30-Jun-17	31-Dec-16
	US\$'000	US\$'000	US\$'000	US\$'000
Non-current assets				
Property, plant and equipment	16,480	16,418	-	-
Lease prepayments	665	672	-	-
Intangible assets	6	7	-	-
Investment in subsidiaries	-	-	9,534	9,534
	17,151	17,097	9,534	9,534
Current assets				
Inventories	6,312	5,537	-	-
Trade and other receivables	9,406	8,051	14,885	18,028
Prepayments	206	134	5	31
Cash and cash equivalents	7,564	8,977	1,683	3,237
	23,488	22,699	16,573	21,296
Total assets	40,639	39,796	26,107	30,830
Equity				
Share capital	18,822	18,822	18,822	18,822
Reserves	2,612	2,465	152	152
Retained earnings	10,565	11,271	1,671	3,564
	31,999	32,558	20,645	22,538
Non-current liabilities				
Deferred tax liabilities	930	923	-	-
Finance lease payable	37	39	-	-
	967	962	-	-
Current liabilities				
Trade and other payables	7,075	5,507	5,301	8,062
Finance lease payable	7	10	-	-
Derivative financial instruments	-	142	-	142
Current income tax payable	591	617	161	88
	7,673	6,276	5,462	8,292
Total liabilities	8,640	7,238	5,462	8,292
Total equity and liabilities	40,639	39,796	26,107	30,830

1.(b)(ii) Aggregate amount of Group's Borrowings and Debt Securities

Details of Group's liabilities	As at 30 June 2017			As at 31 December 2016		
	Secured US\$'000	Unsecured US\$'000	Total US\$'000	Secured US\$'000	Unsecured US\$'000	Total US\$'000
Amount repayable in one year or less, or on demand Finance lease payable	7	-	7	10	-	10
Amount repayable after one year Finance lease payable	37	-	37	39	-	39

1.(c)	Statement of Cash Flows (Group)
	Consolidated statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	1H 2017 US\$'000	1H 2016 US\$'000
Cash flows from operating activities		
Profit before income tax from continuing operations	2,015	2,182
Adjustments for:-		
Depreciation of property, plant and equipment	775	549
Amortisation of lease prepayments	9	4
Amortisation of intangible assets	1	3
Interest expense	17	7
Interest income	(10)	(17)
Gain on disposal of property, plant and equipment	(3)	(45)
Property, plant and equipment written off	-	4
	2,804	2,687
Changes in working capital:		
Inventories	(775)	490
Trade and other receivables	(1,355)	(770)
Prepayments	(72)	(15)
Trade and other payables	(92)	626
Deposit pledged	(9)	-
Cash generated from operations	501	3,018
Income tax paid	(484)	(116)
Net cash from operating activities	17	2,902
Cash flows from investing activities		
Acquisition of property, plant and equipment	(814)	(587)
Interest received	10	17
Proceeds from disposal of property, plant and equipment	3	45
Net cash used in investing activities	(801)	(525)
Cash flows from financing activities		
Dividends paid	(2,256)	(5,078)
Interest paid	(17)	(7)
Proceeds from short term loans	-	4,741
Repayment of short term loans	-	(3,879)
Proceeds from trust receipts	5,658	715
Repayment of trust receipts	(4,140)	(824)
Repayment of finance lease	(5)	-
Net cash used in financing activities	(760)	(4,332)
Net change in cash and cash equivalents	(1,544)	(1,955)
Cash and cash equivalent at beginning of the financial year	8,804	11,251
Effect of foreign exchange rate changes on cash and cash equivalents	122	54
Cash and cash equivalents at end of the financial year	7,382	9,350

1.(d)(i)	Statement of Changes in Equity (Group and Company) 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.
----------	--

	Share capital	Foreign exchange reserve	Statutory reserve	Share-based payment reserve	Retained earnings	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Group						
At 1 January 2017	18,822	633	1,680	152	11,271	32,558
Comprehensive income for the period						
Profit for the period	-	-	-	-	1,550	1,550
Foreign currency translation differences	-	147	-	-	-	147
Total comprehensive income for the period	-	147	-	-	1,550	1,697
Transactions with owners						
Dividend paid	-	-	-	-	(2,256)	(2,256)
Total transactions with owners	-	-	-	-	(2,256)	(2,256)
At 30 June 2017	18,822	780	1,680	152	10,565	31,999
At 1 January 2016	18,822	1,045	1,680	152	13,086	34,785
Comprehensive income for the period						
Profit from continuing operations	-	-	-	-	1,789	1,789
Foreign currency translation differences	-	(17)	-	-	-	(17)
Total comprehensive income for the period	-	(17)	-	-	1,789	1,772
Transactions with owners						
Dividend paid	-	-	-	-	(5,078)	(5,078)
Total transactions with owners	-	-	-	-	(5,078)	(5,078)
At 30 June 2016	18,822	1,028	1,680	152	9,797	31,479

Company	Share capital US\$'000	Share reserve US\$'000	Retained earnings US\$'000	Total equity US\$'000
At 1 January 2017	18,822	152	3,564	22,538
Comprehensive income for the period				
Profit for the period	-	-	363	363
Total comprehensive income for the period	-	-	363	363
Transactions with owners				
Dividend paid	-	-	(2,256)	(2,256)
Total transactions with owners	-	-	(2,256)	(2,256)
At 30 June 2017	18,822	152	1,671	20,645
At 1 January 2016	18,822	152	278	19,252
Comprehensive income for the period				
Profit for the period	-	-	529	529
Total comprehensive income for the period	-	-	529	529
Transactions with owners				
Dividend paid	-	-	(5,078)	(5,078)
Total transactions with owners	-	-	(5,078)	(5,078)
At 30 June 2016	18,822	152	(4,271)	14,703

1.(d)(ii)	Share Capital (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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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.) State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 is no change in the Company's share capital for the financial year ended 31 December 2016 and for the period ended 30 June 2017.
1.(d)(iii)	Number of Issued Shares excluding Treasury Shares (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.)
	Total number of issued shares as at 30 June 2017 209,971,310
	Total number of issued shares as at 31 December 2016 209,971,310
1.(d)(iv)	Sales, Transfers, Disposals, Cancellations and/or use of Treasury Shares (A statements showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.)
	Not applicable.
1.(d)(v)	A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.
	Not applicable.
2.	Audit – Whether figures have been audited or reviewed (Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.)
	The financial information have not been audited or reviewed by the Company's auditors.
3.	Auditors' report (if audited) (Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter.)
	Not applicable.

4.	Accounting policies (Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.)
	Other than the adoption of the new and revised Financial Reporting Standards (FRS) as mentioned in paragraph 5 below, there were no changes in accounting policies and methods of computation adopted in the financial statements for the current reporting period as compared to the most recent audited annual financial statements for the year ended 31 December 2016.
5.	Changes in accounting policies (If there are any changes in the accounting policies and methods of computation, including any required by and accounting standard, what has changed, as well as the reasons for, and the effect of, the change.)
	In the current financial period, the Group and the Company have adopted all the new and revised Financial Reporting Standards (FRSs) and Interpretations of FRSs (INT FRSs) that are relevant to its operations and effective annual periods beginning on 1 January 2017. The adoption of these new/revised FRSs and INT FRSs does not result in substantial changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior periods.
6.	Earnings per ordinary share (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.)

	Group	
	1H 2017	1H 2016
Profit attributable to owners of the parent (US\$'000)	1,550	1,789
Number of ordinary shares ('000)		
As at 1 January	209,971	209,971
Issued during the year	-	-
As at 30 June	209,971	209,971
Earnings per ordinary share (US\$):		
(a) Based on weighted average number of ordinary shares on issue (cents)	0.74	0.85
(b) On a fully diluted basis (cents)	0.74	0.85
Earnings per ordinary share (S\$ equivalent)*		
(a) Based on weighted average number of ordinary shares on issue (cents)	1.02	1.17
(b) On a fully diluted basis (cents)	1.02	1.17
*S\$ equivalent, based on US\$ 1 = S\$1.3769 (2016 US\$ = S\$1.3810)		

7.	Net asset value per ordinary share (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.)
-----------	--

	Group		Company	
	30-Jun-17	31-Dec-16	30-Jun-17	31-Dec-16
Net assets (US\$'000)	31,999	32,558	20,645	22,538
Number of ordinary shares ('000)	209,971	209,971	209,971	209,971
Net asset value per share:				
- in US cents	15.24	15.51	9.83	10.73
- in Singapore cents*	20.98	22.44	13.53	15.52
*S\$ equivalent, based on US\$ 1 = S\$1.3769 (2016 US\$1 = S\$1.4467)				

8.	Review of performance of the Group (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.)
	Half year ended 30 June 2017 ("1H2017") compared to the half year period ended 30 June 2016 ("1H2016") (all figures are in US\$)

	Overview of Group's business
	<p>The core businesses of Dynamic Colours Group ("the Group") are resin compounding and polyethylene packaging. Currently, our resin compounding ("RC") segment comprises our wholly owned subsidiaries in Suzhou, Vietnam and Malaysia, namely, Suzhou Huiye Plastic Industry Co., Ltd ("SHP"), Suzhou Huiye Chemical & Light Industry Co., Ltd ("SHC"), Huiye (Vietnam) Plastic Co., Ltd ("HVP") and Huiye Polymer (M) Sdn. Bhd. ("HPM"). Our polyethylene packaging ("PP") segment is represented by SL Packaging Industries Pte Ltd ("SLP") in Singapore and HPM in Malaysia.</p> <p>In 1H2017, our RC segment accounted for 56.8% of the total Group revenue (1HFY2016: 51.6%) and 43.2% (1HFY2016: 48.4%) was contributed by the PP segment.</p>

	Statement of Comprehensive Income
	<p>Group revenue increased by 13.7% from US\$19.29M in 1H2016 to US\$21.93M in 1H2017. Revenue for RC segment increased by 25.0% from US\$9.96M to US\$12.46M. The PP segment revenue increased by 1.6% from US\$9.33M to US\$9.48M.</p> <p>The higher revenue was due to increase in both RC and PP average selling prices following a rise in resin costs and a production tonnage.</p>

	<p>The gross profit margin declined by 3.7% from 19.2% to 15.5% due to change in sales mix and also increases in raw material costs was not passed on to customers during the half year.</p> <p>Other income decreased by 19.5% to US\$198K in 1H2017. This decrease was mainly due to a gain on sale of motor vehicle in 1H2016. The 1H2017 other income of US\$198K comprises:</p> <p>(a) Rental income US\$76K.</p> <p>(b) Sale of raw materials, stocktake gain and government CPF credit, totaling US\$85K.</p> <p>(c) Early payment discount from vendors totaling US\$37K.</p> <p>Distribution expenses increased by 14.5% from US\$393K to US\$450K mainly due to higher freight and staff costs.</p> <p>Administrative expenses decreased from US\$1.42M to US\$1.13M. This was largely due to rationalisation in operational costs in China.</p> <p>Other operating expenses decreased by US\$63K from US\$118K in 1H2016 to US\$55K in 1H2017 mainly due to cost of stock written off in 1H2016 and lower depreciation in 1H2017.</p> <p>Finance income (representing bank interest income and net foreign exchange gain) decreased from US\$178K to US\$66K. Finance cost (representing interest expenses) increased from US\$7K to US\$17K primarily due to an increase in interest expense on trade financing.</p> <p>As a result of the above, the Group's profit for the year decreased by 13.4% from US\$1.79M in 1H2016 to US\$1.55M in 1H2017.</p>
--	---

	<p>Statement of Financial Position</p> <p>The value of inventories increased by US\$775K, which was mainly due to increased purchases of raw materials.</p> <p>The increase in trade and other receivables by US\$1.36M was due to higher sales.</p> <p>The increase in trade and other payables by US\$1.57M was largely due to an increase in the purchase of raw materials and capital expenditure in Vietnam.</p>
--	--

	<p>Statement of Cash Flows</p> <p>The net cash flow from operating activities dropped from US\$2.90M to US\$17K. The decline was largely the result of higher working capital requirement.</p> <p>The net cash outflow from investing activities increased from US\$525K to US\$801K due to higher capital expenditure in Vietnam.</p> <p>The net cash outflow of US\$760K in financing activities was mainly the result of dividend payment of US\$2.26M being off-set by a net increase of US\$1.52M in trust receipts.</p> <p>As a result of the above, cash and cash equivalents decreased by US\$1.97M, from US\$9.35M to US\$7.38M.</p>
--	--

9.	Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.
	No forecast or prospect statement has been previously disclosed to shareholders.

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 in the next 12 months.
	The RC and PP market segments are expected to remain highly competitive amidst uncertainties in crude oil price, currency markets and volatile business environment. The Management will continue to remain vigilant and monitor the operations closely.

11.	Dividend
	(a) Current Financial Period Reported on?
	Any dividend declared for the current financial period reported on?
	None.

(b) Corresponding period of the immediately Preceding Financial Year

Final dividends FY 2016 (Paid)	
Name of Dividend	Final Dividend 2016
Dividend Type	Ordinary
Dividend Amount per Share	S\$0.015 per share
Par Value of Shares	N.A.
Tax Rate	Tax exempt (1 tier)
Date Declared/Announced	27/2/17
Books Closure Date	5/5/17
Date to be paid	15/5/17
Amount to be paid in Singapore dollars	S\$3.15 million
Amount in US\$ (for accounting purposes)	US\$2.26 million

(c) Date payable
Not applicable.

(d) Books closure date
Not applicable.

12.	If no dividend has been declared/recommended, a statement to that effect.
	Not applicable.

13.	Interested Person Transactions (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.)
	There is no general mandate from shareholders. The value of IPT is below the threshold prescribed under Part III of Chapter 9 of Listing Manual.

14.	Negative assurance confirmation on interim financial results pursuant to Rule 705(5) of the Listing Manual	
	To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the second quarter financial statements for the period ended 30 June 2017, to be false or misleading in any material respect.	
	On behalf of the Board of Directors,	
	Yeo Hock Leng Executive Chairman and Group Managing Director	Goh Seok Eng Deputy Group Managing Director and Technical Director

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 Rule 720(1).
	Pursuant to Listing Rule 720(1), the Company has received Letter of Undertakings from all its directors and executive officers in the form as set out in Appendix 7.7 of the SGX-ST Listing Manual.

	ON BEHALF OF THE BOARD
	Yeo Hock Leng Executive Chairman and Group Managing Director
	12 August 2017