

SIN GHEE HUAT CORPORATION LTD

Company Registration No:197700475Z
Incorporated in Singapore



UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 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		Increase/ (Decrease) %
	First quarter ended		
	30/09/2016	30/09/2015	
	S\$'000	S\$'000	
Revenue	7,777	15,445	(50)
Cost of sales	(6,120)	(12,868)	(52)
Gross profit	1,657	2,577	(36)
Other operating income	126	616	(80)
Distribution costs	(1,462)	(1,588)	(8)
Administrative expenses	(860)	(874)	(2)
Other operating expenses	–	(30)	NM
Results from operating activities	(547)	697	NM
Finance income	93	69	35
Finance cost	(8)	(4)	100
Share of (loss)/profit of joint venture	(16)	16	NM
(Loss)/Profit before tax	(470)	782	NM
Tax credit/(expense)	80	(187)	NM
Net (loss)/profit for the quarter	(390)	595	NM
Earnings per share			
Basic (cents)	(0.18)	0.27	
Diluted (cents)	(0.18)	0.27	

NM: No meaning

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

	Group		Increase/ (Decrease) %
	First quarter ended		
	30/09/2016	30/09/2015	
	S\$'000	S\$'000	
Net (loss)/profit for the quarter	(390)	595	NM
Other comprehensive income:			
Foreign currency translation differences arising from consolidation	(1)	25	NM
Total comprehensive income for the quarter	(391)	620	NM
Attributable to:			
Equity holders of the Company	(391)	620	NM
Total comprehensive income for the quarter	(391)	620	NM

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

	Group	
	First quarter ended	
	30/09/2016	30/09/2015
	S\$'000	S\$'000
Depreciation of property, plant and equipment	(246)	(273)
Foreign currency exchange gain, net	91	599
Allowance for doubtful debts – trade, net	–	(30)
Allowance for inventory write-down, net	(108)	(139)

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	
	30/9/2016	30/6/2016	30/9/2016	30/6/2016
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	7,912	8,149	7,561	7,775
Investment in subsidiaries	–	–	6,963	6,963
Investment in joint venture	68	84	50	50
Other financial assets	4,083	4,088	4,085	4,088
Deferred tax assets	98	79	85	67
	<u>12,161</u>	<u>12,400</u>	<u>18,744</u>	<u>18,943</u>
Current assets				
Inventories	37,761	38,776	28,073	28,814
Trade and other receivables	9,808	11,325	15,195	16,238
Cash and cash equivalents	28,563	26,003	26,128	24,212
	<u>76,132</u>	<u>76,104</u>	<u>69,396</u>	<u>69,264</u>
Total assets	<u>88,293</u>	<u>88,504</u>	<u>88,140</u>	<u>88,207</u>
Equity attributable to equity holders of the Company				
Share capital	45,750	45,750	45,750	45,750
Revaluation reserve	2,916	2,916	2,916	2,916
Currency translation reserve	83	84	–	–
Retained earnings	36,720	37,110	37,547	37,889
Total equity	<u>85,469</u>	<u>85,860</u>	<u>86,213</u>	<u>86,555</u>
Current liabilities				
Trade and other payables	1,887	2,345	1,863	1,528
Borrowings	871	172	–	–
Current tax liabilities	66	127	64	124
	<u>2,824</u>	<u>2,644</u>	<u>1,927</u>	<u>1,652</u>
Total liabilities	<u>2,824</u>	<u>2,644</u>	<u>1,927</u>	<u>1,652</u>
Total equity and liabilities	<u>88,293</u>	<u>88,504</u>	<u>88,140</u>	<u>88,207</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 30 September 2016</u>		<u>As at 30 June 2016</u>	
Secured	Unsecured	Secured	Unsecured
-	871	-	172

Amount repayable after one year (\$'000)

<u>As at 30 September 2016</u>		<u>As at 30 June 2016</u>	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

Not applicable

- 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	
	First quarter ended	
	30/9/2016	30/9/2015
	S\$'000	S\$'000
Cash flows from operating activities		
(Loss)/Profit after income tax	(390)	595
Adjustments for :		
Depreciation of property, plant and equipment	246	273
Gain on sale of property, plant and equipment	(6)	–
Finance income	(93)	(69)
Finance cost	8	4
Share of loss/(profit) of joint venture	16	(16)
Tax (credit)/expenses	(80)	187
	<u>(299)</u>	<u>974</u>
Changes in operating assets and liabilities:		
Trade and other receivables	1,517	311
Trade and other payables	(458)	(1,598)
Inventories	1,015	749
	<u>1,775</u>	<u>436</u>
Net cash from operations	<u>1,775</u>	<u>436</u>
Income tax paid	–	–
Net cash from operating activities	<u>1,775</u>	<u>436</u>
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	6	–
Purchase of property, plant and equipment	(9)	(28)
Interest received	98	73
	<u>95</u>	<u>45</u>
Net cash generated from investing activities	<u>95</u>	<u>45</u>
Cash flows from financing activities		
Interest paid	(8)	(4)
Repayment of borrowings	(172)	(547)
Proceeds from borrowings	871	323
	<u>691</u>	<u>(228)</u>
Net cash from/(used in) financing activities	<u>691</u>	<u>(228)</u>
Net increase in cash and cash equivalents	<u>2,561</u>	<u>253</u>
Cash and cash equivalents at beginning of the period	26,003	16,870
Effect of exchange rate fluctuations	(1)	25
	<u>28,563</u>	<u>17,148</u>
Cash and cash equivalents at end of financial period	<u>28,563</u>	<u>17,148</u>
Cash and cash equivalents comprise:		
Cash and bank balances	14,563	12,148
Short-term bank deposits	14,000	5,000
	<u>28,563</u>	<u>17,148</u>

- 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 S\$'000	Revaluation reserve S\$'000	Translation reserve S\$'000	Retained earnings S\$'000	Total S\$'000
Balance as at 1 July 2016	45,750	2,916	84	37,110	85,860
Total comprehensive income for the quarter ended 30 September 2016	–	–	(1)	(390)	(391)
Balance as at 30 September 2016	45,750	2,916	83	36,720	85,469
Balance as at 1 July 2015	45,750	2,845	117	40,399	89,111
Total comprehensive income for the quarter ended 30 September 2015	–	–	25	595	620
Balance as at 30 September 2015	45,750	2,845	142	40,994	89,731

Statement of Changes in Equity for the Company

	Share capital S\$'000	Revaluation reserve S\$'000	Retained earnings S\$'000	Total S\$'000
Balance as at 1 July 2016	45,750	2,916	37,889	86,555
Total comprehensive income for the quarter ended 30 September 2016	–	–	(342)	(342)
Balance as at 30 September 2016	45,750	2,916	37,547	86,213
Balance as at 1 July 2015	45,750	2,845	41,345	89,940
Total comprehensive income for the quarter ended 30 September 2015	–	–	755	755
Balance as at 30 September 2015	45,750	2,845	42,100	90,695

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 30 September 2016 and 30 September 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 30/09/2016	As at 30/06/2016
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 2016.

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

	<u>Group</u>	
	First quarter ended	
	30/09/2016	30/09/2015
Earnings per share (cents)		
(a) based on weighted average number of shares in issue	(0.18)	0.27
(b) on a fully diluted basis	(0.18)	0.27
Weighted average number of shares in issue	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

	<u>Group</u>		<u>Company</u>	
	30/09/2016	30/06/2016	30/09/2016	30/06/2016
Net asset value per share based on issued share capital (cents)	38.5	38.7	38.8	39.0
Number of shares in 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.*

Consolidated Income Statement for the first quarter ended 30 September 2016

The Group posted a revenue of \$7.78 million for the first quarter ended 30 September 2016 ("1Q2017"), 50% lower than the \$15.45 million recorded in the corresponding quarter ended 30 September 2015 ("1Q2016") of the preceding year. The decline in revenue reflected the weak market demand during the current economic downturn.

Gross profit amount for the quarter declined to \$1.66 million (1Q2016: \$2.58 million) mainly due to lower revenue. Gross profit margin was higher at 21% (1Q2016: 17%) generally because of the absence of "project orders" in 1Q2017 whilst the "project orders" (which were secured with low profit margin) in 1Q2016 pulled down the overall profit margin for 1Q2016.

Other operating income was lower at \$126,000 (1Q2016: \$616,000) mainly due to lower foreign currency exchange gain of \$91,000 (1Q2016: \$599,000) recorded during the quarter in respect of USD-denominated trade receivables and bank balances.

Other operating expenses were \$nil for 1Q2017, whereas a provision for doubtful debts of \$30,000 was included in other operating expenses for 1Q2016.

The New Zealand joint venture saw a drop in revenue and incurred a loss resulting in the Group recording its share of loss in 1Q2017 compared with a share of profit in 1Q2016. Finance income was higher mainly due to increased short-term bank deposits.

The above collectively resulted in a loss of \$390,000 for 1Q2017 versus the profit of \$595,000 for 1Q2016. Tax credit arose in view of the loss posted for 1Q2017.

Statements of Financial Position and Cash Flows

Trade and other receivables decreased to \$9.81 million compared with \$11.33 million a quarter ago generally due to lower sales most of which were on credit terms.

Net cash generated from operating activities increased to \$1.78 million (1Q2016: \$436,000) largely attributed to the higher proportion of receivables collections relative to revenue during the quarter, as well as the timing of payments to suppliers.

Net cash from financing activities was a positive \$691,000 versus the negative \$228,000 used in financing activities mainly due to short-term bank borrowings obtained for a subsidiary as opposed to repayment of borrowings in 1Q2016.

The above collectively contributed to an increase in cash and cash equivalents during the quarter.

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

The Group posted a loss for the quarter as announced in a profit guidance issued on 14 October 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 activity continues to decline. This has resulted in low demand for our products. We believe that this situation will continue for the foreseeable future.

Nevertheless, we will continue to monitor our costs and conserve our cash to seize business opportunities when they are available and to weather these difficult times.

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 30 September 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 Company 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 first quarter ended 30 September 2016 to be false or misleading in any material aspect.

Kua Ghim Siong
Chief Executive Officer

Kua Chee Seng
Director

BY ORDER OF THE BOARD

Kua Ghim Siong
Chief Executive Officer

2 November 2016