

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

Full Year Financial Statement And Dividend Announcement for the Period Ended 30/6/2017

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		%
	12 - month 30/06/17	12 - month 30/06/16	Change
Turnover	141,775	124,188	14.2%
Cost of sales	(109,592)	(95,955)	14.2%
Gross profit	32,183	28,233	14.0%
Other operating income	1,734	1,603	8.2%
Distribution and selling expenses	(2,807)	(2,375)	18.2%
Administrative expenses	(13,641)	(14,254)	-4.3%
Profit from operations	17,469	13,207	32.3%
Financial expenses	(134)	(167)	-19.8%
Profit before tax	17,335	13,040	32.9%
Income tax expense	(3,300)	(2,935)	12.4%
Net profit attributable to equity holders of the Company	14,035	10,105	38.9%
Other comprehensive income:			
Foreign currency translation	(1,286)	(3,730)	-65.5%
Total comprehensive income attributable to equity holders of the Company	12,749	6,375	99.9%

	Group		
	S\$'000		%
	30/06/17	30/06/16	Change
Interest income	93	63	47.6%
Interest expense	(134)	(167)	-19.8%
Depreciation of property, plant and equipment	(6,461)	(5,913)	9.3%
Provision for restructuring cost	-	1,500	NM
Impairment of property, plant and equipment	(652)	(651)	0.2%
Amortisation of deferred income	-	369	NM
Write-down of inventories	(43)	(166)	-74.1%
Foreign exchange gain, net	647	322	100.9%
Gain/(Loss) on disposal of property, plant and equipment	87	(1)	NM

Notes:

1. NM = Not Meaningful
2. Other operating income increased by 8% mainly due to increase in scrap income.
3. Administrative expenses decreased by 4% mainly due to favourable exchange difference compared with previous year.
4. Net foreign exchange gain was mainly due to the appreciation of US dollar against the various Asian currencies.

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	
	30/06/17 S\$'000	30/06/16 S\$'000	30/06/17 S\$'000	30/06/16 S\$'000
Share capital	13,145	13,145	13,145	13,145
Reserves	84,393	74,298	11,398	10,601
Total equity	97,538	87,443	24,543	23,746
Non-current assets				
Property, plant and equipment	45,869	43,172	340	1,045
Land use rights	269	278	-	-
Deferred tax assets	257	256	-	-
Investment in subsidiaries	-	-	12,169	12,169
	46,395	43,706	12,509	13,214
Current assets				
Inventories	19,116	18,311	333	1,911
Trade receivables	30,054	28,999	4,660	5,492
Other receivables and deposits	2,245	1,461	23	9
Prepayments	1,800	3,565	13	43
Due from subsidiaries (trade)	-	-	16	1,022
Due from subsidiaries (non-trade)	-	-	5,328	372
Fixed deposits	759	756	517	515
Cash and cash equivalents	39,018	29,064	11,582	9,769
	92,992	82,156	22,472	19,133
Current liabilities				
Trade payables	19,103	15,802	234	865
Other payables and accruals	15,693	15,215	3,875	4,571
Provision for defects	718	1,038	57	198
Due to subsidiaries (trade)	-	-	3,097	2,960
Bank loans	3,168	3,834	3,168	-
Provision for tax	580	473	-	-
	39,262	36,362	10,431	8,594
Net current assets	53,730	45,794	12,041	10,539
Non-current liabilities				
Deferred tax liabilities	2,433	1,916	7	7
Provision for restoration costs	154	141	-	-
	2,587	2,057	7	7
Net assets	97,538	87,443	24,543	23,746

Notes:

1. Stocks increased by 4% mainly due to more stock holding of raw materials at year end.
2. Other receivables and deposits increased by 54% mainly due to more tax recoverable as compared to previous year.
3. Prepayments decreased by 50% mainly due to lesser downpayments for capital expenditures on machineries.
4. Fixed deposits and cash and cash balances increased by 33% mainly due to improved collections.
5. Trade creditors increased by 21% mainly due to more raw materials being purchased.
6. Property, plant and equipment increased by 6% mainly due to more capital expenditures on machineries.

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

Amount repayable in one year or less, or on demand

As at 30/6/2017		As at 30/6/2016	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
3,168	-	3,834	-

Amount repayable after one year

As at 30/06/2017		As at 30/6/2016	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	-	-	-

Details of any collateral

As at 30 June 2017, the Company utilised S\$3,168,000 of its banking facility to support one of its subsidiaries to enjoy a better interest rate.

The bank loan of S\$3,834,000 which was secured by the leasehold property of Shanghai subsidiary and a corporate guarantee from the Company has been fully repaid during the year.

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

	30/06/17 S\$'000	30/06/16 S\$'000
Operating activities		
Profit before tax	17,335	13,040
Adjustments for:		
Depreciation of property, plant and equipment	6,461	5,913
Amortisation of land use right	15	17
Amortisation of deferred income	-	(369)
(Gain)/loss on disposal of property, plant and equipment	(87)	1
Interest expense	134	167
Interest income	(93)	(63)
Write down of inventories	43	166
Impairment of property, plant and equipment	652	651
Provision for restructuring costs	-	1,500
Provision for defects	535	799
Reversal of provision for defects	(838)	(669)
Unrealised exchange gain	(228)	(884)
Operating cash flow before working capital changes	23,929	20,269
(Increase) / decrease in:		
Inventories	(841)	(933)
Trade receivables	(1,055)	(306)
Other receivables and deposits	(220)	1,792
Prepayments	1,764	(679)
(Decrease) / increase in:		
Trade payables	3,302	(173)
Other payables and accruals	477	50
Cash flow from operations	27,356	20,020
Income taxes paid	(3,539)	(3,252)
Tax refund	330	-
Interest paid	(134)	(167)
Interest received	93	63
Net cash flows from operating activities	24,106	16,664
Investing activities		
Proceeds from sale of fixed assets	252	2
Purchase of property, plant and equipment	(10,957)	(9,251)
Net cash used in investing activities	(10,705)	(9,249)
Financing activities		
Proceeds from bank loans	3,168	3,834
Dividends paid on ordinary shares	(2,653)	(3,230)
Repayment of bank loans	(3,834)	(108)
Net cash flows (used in)/generated from financing activities	(3,319)	496
Net increase in cash and cash equivalents	10,082	7,911
Cash and cash equivalents at beginning of financial year	29,820	22,585
Currency alignment on opening cash balances	(125)	(676)
Cash and cash equivalents at end of financial year	39,777	29,820

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.

	Share Capital S\$'000	Foreign Currency Translation Reserve S\$'000	Reserve Fund S\$'000	Accumulated Profit S\$'000	Total Reserves S\$'000	Total Equity S\$'000
GROUP						
At 30 June 2016	13,145	(8,205)	3,866	78,637	74,298	87,443
Total comprehensive income for the financial year	-	(1,287)	-	14,035	12,748	12,748
Appropriation to/(from) reserve fund/ accumulated profit	-	-	529	(529)	-	-
Dividends on ordinary shares	-	-	-	(2,653)	(2,653)	(2,653)
At 30 June 2017	13,145	(9,492)	4,395	89,490	84,393	97,538

	Share Capital S\$'000	Foreign Currency Translation Reserve S\$'000	Reserve Fund S\$'000	Accumulated Profit S\$'000	Total Reserves S\$'000	Total Equity S\$'000
GROUP						
At 30 June 2015	13,145	(4,475)	3,368	72,260	71,153	84,298
Total comprehensive income for the financial year	-	(3,730)	-	10,105	6,375	6,375
Appropriation to/(from) reserve fund/ accumulated profit	-	-	498	(498)	-	-
Dividends on ordinary shares	-	-	-	(3,230)	(3,230)	(3,230)
At 30 June 2016	13,145	(8,205)	3,866	78,637	74,298	87,443

	Share Capital S\$'000	Accumulated Profit S\$'000	Total Reserve S\$'000	Total Equity S\$'000
<u>COMPANY</u>				
At 30 June 2016	13,145	10,601	10,601	23,746
Total comprehensive income for the financial year	-	3,450	3,450	3,450
Dividends on ordinary shares	-	(2,653)	(2,653)	(2,653)
At 30 June 2017	13,145	11,398	11,398	24,543

	Share Capital S\$'000	Accumulated Profit S\$'000	Total Reserve S\$'000	Total Equity S\$'000
<u>COMPANY</u>				
At 30 June 2015	13,145	19,088	19,088	32,233
Total comprehensive income for the financial year	-	(5,257)	(5,257)	(5,257)
Dividends on ordinary shares	-	(3,230)	(3,230)	(3,230)
At 30 June 2016	13,145	10,601	10,601	23,746

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 year ended 30 June 2017.

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>30/06/17</u>	<u>30/06/16</u>
The total number of issued shares (excluding treasury shares)	115,365,000	115,365,000
There were no treasury shares as at 30 June 2017 and 30 June 2016.		

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 year ended 30 June 2017.

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 year as with those in the most recently audited financial statements as at 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.

In the current year, the Group has adopted all the new/revised Financial Reporting Standards which took effect for annual periods beginning on or after 1 July 2016. 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.**

	Latest period	Previous corresponding period
	30/06/17	30/06/16
	(cents)	(cents)
Earnings per ordinary share for the year after deducting any provision for preference dividends:-		
(i) Based on weighted average number of ordinary shares in issue	12.17	8.76
(ii) On a fully diluted basis	12.17	8.76

Basis earnings per share is computed based on the weighted average number of ordinary shares in issue of 115,365,000 (30 June 2016 : 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.

	Group		Company	
	Latest period	Immediately preceding period	Latest period	Immediately preceding period
	30/06/17	30/06/16	30/06/17	30/06/16
	(cents)	(cents)	(cents)	(cents)
Net tangible asset backing per ordinary share based on existing issued share capital as at the end of the year reported on	84.55	75.80	21.27	20.58

Net asset value per ordinary share is computed on 115,365,000 ordinary shares in issue as at 30 June 2017 (30 June 2016 : 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.

Revenue

The market for the precision engineering industry remained challenging in FY2017 and business conditions continued to be competitive. Against this backdrop, the Group worked closely with its customers to record a 14% revenue growth from \$124.2 million in FY2016 to \$141.8 million in FY2017.

Revenue by Business Sector	FY2017 S\$m	FY2016 S\$m	Change (%)
Machinery and Automotive Systems (MA)	65.7	59.6	+ 10%
Imaging & Printing (IP)	31.1	32.8	(5%)
Others	45.0	31.8	+ 42%
Total	141.8	124.2	+ 14%

During the year, the Group maintained stable sales of components for machine tools and delivered higher orders for automotive systems to customers in the automotive industry. Consequently, revenue from the MA business sector rose 10% to \$65.7 million. However, demand for imaging and printing components remained weak and this led to lower revenue contribution by the IP business sector.

The Group's remaining businesses, categorised under "Others", registered good demand for domestic appliances components as customers in the consumer goods industry increased their production. Compared to the previous financial year, revenue contribution from "Others" recorded a significant jump of 42% to \$45.0 million.

Profitability

As a result of higher turnover, gross profit grew 14% to \$32.0 million and gross profit margin remained relatively stable at around 23%. Distribution and selling expenses has risen in tandem with the higher turnover. This increase is offset by the decrease in administrative expenses due to higher exchange gain recorded as a result of appreciation of United States Dollar. There was also no other non-recurring expenses in current year compared to prior year. With increased turnover and overall stable expenses, profit from operations increased 32% to \$17.5 million.

With the increased profitability, net profit after tax attributable to shareholders climbed 39% from \$10.1 million in FY2016 to \$14.0 million in FY2017.

Cash Flow & Balance Sheet

In FY2017, the Group generated net cash inflow of \$27.4 million from operations. Part of this cash was utilised for the payment of income taxes, investment in new machineries, repayment of bank loans and payment of dividends to shareholders.

Balance sheet of the Group remained strong as at 30 June 2017. The increase in inventories, trade receivables as well as trade and other payables was consistent with the higher turnover. Due to improved collections, fixed deposits, cash and cash equivalents rose 33% to \$39.8 million. This compares favorably with the low debt level of \$3.2 million and provided the Group with added financial flexibility to meet market challenges as well as opportunities.

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.

The Group's operations remain vulnerable to the uncertainties in the global economy. Business challenges, policy uncertainties and foreign exchange volatility will continue to impact group profitability. As such, the Group maintains a cautious outlook for its prospects in the current financial year.

The Group will remain vigilant in monitoring market developments and continue to manage business risks prudently. To enhance operational efficiency and competitiveness in the longer horizon, the Group will invest in more equipment renewal and site capacity increases and focus on optimizing work processes as well as resource allocation. The Group will maintain its proactive role in marketing to new customers and work closely with existing customers to expand business allocation from them.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? Yes

Name of dividend	Interim	Final
Dividend type	-	Cash
Dividend rate per ordinary share	-	3.00 cents
Tax rate	-	Tax exempt (one-tier)

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of dividend	Interim	Final
Dividend type	-	Cash
Dividend rate per ordinary share	-	2.30 cents
Tax rate	-	Tax exempt (one-tier)

(c) Date payable

The proposed dividends, if approved at the 30th Annual General Meeting to be held on 25 October 2017, will be paid on 16 November 2017.

(d) Books closure date

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of Spindex Industries Limited (the "Company") will be closed on 3 November 2017 for the purpose of determining members' entitlements to the proposed final dividends of 3.00 cents per ordinary share for the financial year ended 30 June 2017 (the "**Proposed Final Dividends**").

Duly completed registrable transfers in respect of shares in the Company received up to the close of business at 5.00 p.m. on 2 November 2017 by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, will be registered to determine members' entitlements to the Proposed Final Dividends. Members whose securities accounts with The Central Depository

(Pte) Limited are credited with shares in the Company as at 5.00 p.m. on 2 November 2017, will be entitled to the Proposed Final Dividends.

The Proposed Final Dividends, if approved at the forthcoming Annual General Meeting to be held on 25 October 2017, will be paid on 16 November 2017.

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

Not applicable.

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 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 .

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

15. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

	Imaging & Printing S\$'000	Machinery & Automotive System S\$'000	Others (see note below) S\$'000	Group S\$'000
2017				
Turnover	31,087	65,720	44,968	141,775
Segment Results	7,278	13,813	11,092	32,183
Distribution and selling expenses	(616)	(1,301)	(890)	(2,807)
Unallocated expenses				(11,907)
Operating profit				17,469
Financial expenses				(134)
Income tax expense				(3,300)
Net Profit attributable to equity holders of the Company				14,035
Assets				
Trade receivables	5,916	16,970	7,168	30,054
Unallocated assets				109,333
Total assets				139,387
2016				
Turnover	32,765	59,656	31,767	124,188
Segment Results	7,155	13,169	7,909	28,233
Distribution and selling expenses	(626)	(1,141)	(608)	(2,375)
Unallocated expenses				(12,651)
Operating profit				13,207

Financial expenses				(167)
Income tax expense				(2,935)
Net Profit attributable to equity - holders of the Company				10,105
Assets				
Trade receivables	5,204	15,410	8,385	28,999
Unallocated assets				96,863
Total assets				125,862

Others –include domestic appliances, consumer electronics, data storage, telecommunications and others.

	Turnover		Non-current assets		Capital Expenditure	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
People's Republic of China	50,877	48,204	14,954	14,688	2,496	3,809
Singapore	4,640	4,284	341	1,046	91	38
Asean (excluding Singapore)	27,957	27,944	31,100	27,972	8,370	5,636
USA, Europe and others	58,301	43,756	-	-	-	-
	141,775	124,188	46,395	43,706	10,957	9,483

Turnover is based on the location of the customers regardless of where the goods are produced. Assets and additions to property, plant and equipment are based on the location of those assets.

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Overall, group turnover was higher in FY2017 as a result of higher demand from customers in the Machinery & Automotive System sector. Please refer to paragraph 8 above for further details.

17. A breakdown of sales.

	Group		
	S\$'000		%
	30/06/17	30/06/16	Change
Sales reported for first half year	68,664	61,226	12.1%
Operating profit after tax reported for first half year	7,901	7,515	5.1%
Sales reported for second half year	73,111	62,962	16.1%
Operating profit after tax reported for second half year	6,134	2,590	136.8%

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	Latest Full Year	Previous Full Year
	S\$'000	S\$'000
Interim Dividend per share (tax exempt – one tier)	Nil	Nil
Final Dividend per share (tax exempt – one tier)	2,653	3,230
Special Dividend per share (tax exempt – one tier)	Nil	Nil

19. Disclosure of person occupying a managerial positions in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there were no such persons, the issuer must make an appropriate negative statement.

Disclosure of person occupying a managerial positions in Spindex Industries Limited (the 'Company') or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company pursuant to Rule 704(13) are as follows: -

Name	Age	Family relationship with any director and/or Substantial Shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Tan Choo Pie @ Tan Chang Chai	71	Father of Nicholas Tan Heok Ting and Granduncle of Foo Fang Haur	Executive Chairman of Spindex Industries Limited Since 1989	No Change
Foo Fang Haur	42	Grandnephew of Tan Choo Pie @ Tan Chang Chai and Nephew of Nicholas Tan Heok Ting	Business Development Manager of Spindex Industries (Hanoi) Co., Ltd. Since June 2005	No Change
Nicholas Tan Heok Ting	37	Son of Tan Choo Pie @ Tan Chang Chai and Uncle of Foo Fang Haur	Executive Director of Spindex Industries Limited since 1 May 2010. Managing Director with effect from 1 July 2013.	No Change

BY ORDER OF THE BOARD

Tan Choo Pie @ Tan Chang Chai

Chairman

21 August 2017