

First Quarter Financial Statement And Dividend Announcement for the Period Ended 31 Mar 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.

Consolidated income statement for the financial period ended 31-Mar-17

	GROUP		
	31-Mar-17	31-Mar-16	Variance
	S\$'000	S\$'000	%
Revenue	23,569	21,151	11%
Cost of sales	(15,721)	(13,883)	13%
Gross profit	7,848	7,268	
Other income	1,972	1,850	7%
Expenses			
- Distribution and marketing	(3,537)	(3,497)	1%
- Administrative	(4,498)	(4,882)	-8%
- Finance	(29)	(30)	-3%
Share of (loss)/profit of joint ventures-net of tax	(231)	633	NM
Profit before income tax	1,525	1,342	
Income tax expense	(741)	(52)	NM
Net profit	784	1,290	-39%
Profit attributable to:			
Equity holders of the Company	520	867	-40%
Non-controlling interests	264	423	
	784	1,290	

NM means not meaningful

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

Consolidated Statement of Comprehensive income for the financial period ended 31-Mar-17

	GROUP		
	31-Mar-17	31-Mar-16	Variance
	S\$'000	S\$'000	%
Net profit	784	1,290	-39%
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Currency translation differences arising from consolidation – losses	(850)	(976)	
Other comprehensive loss, net of tax	(850)	(976)	
Total comprehensive income	(66)	314	
Total comprehensive income attributable to:			
Equity holders of the Company	(144)	152	
Non-controlling interests	78	162	
	(66)	314	

Additional information to the income statement:

	GROUP	
	31-Mar-17	31-Mar-16
	S\$'000	S\$'000
1. Other income		
Commission income	1	1
Fixed deposit interest income	517	447
Interest income	23	3
Management fee from joint ventures	18	14
Parking fee income	9	6
Rental income	429	322
Amortisation of deferred income	812	812
Bad debts recovered	13	74
Loss on disposal of property, plant and equipment	-	(1)
Miscellaneous income	150	172
	1,972	1,850

2. Administrative expenses

The decrease in administrative expenses was mainly due to decrease in staff cost.

Additional information to the income statement (continued):

	GROUP	
	31-Mar-17	31-Mar-16
	S\$'000	S\$'000
3. Finance Expenses		
Bank loan interest	24	28
Finance lease interest	1	-
Trust receipts interest	4	2
	29	30

	GROUP	
	31-Mar-17	31-Mar-16
	S\$'000	S\$'000
4. Profit before income tax		
Profit before income tax is determined after charging/(crediting):-		
Advertising and promotion	897	729
Bank charges	37	32
Depreciation of property, plant and equipment	224	214
Allowance for impairment of trade and other receivables	44	46
Property tax	160	179
Sales commission	498	464
Foreign Exchange gain - net	(19)	(143)
Legal and professional fee	14	45
(Reversal of)/allowance for stock obsolescence	(67)	25
Rental expense on operating leases	2,551	2,505
Utilities	89	87

5. Income tax expense

The increase in income tax expense was mainly due to the increase in tax expense incurred by the supply chain division in 1st quarter ended 31 Mar 2017 as this division had fully utilised its prior year tax losses in FY2016.

1(b)(i) **A 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	
	31-Mar-17	31-Dec-16	31-Mar-17	31-Dec-16
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash and bank balances	144,947	134,822	124,431	117,068
Available-for-sale financial assets	1	1	1	1
Trade and other receivables	13,256	12,390	10,434	4,167
Loan to associated companies	7,172	7,419	4,745	4,935
Inventories	18,910	19,733	-	-
Gross amount due from customers for contract work-in-progress	163	319	-	-
	184,449	174,684	139,611	126,171
Non-current assets				
Trade and other receivables	7,113	140	-	-
Investments in associated companies	-	-	-	-
Investments in joint ventures	29,129	29,760	850	850
Investments in subsidiaries	-	-	5,687	4,155
Property, plant and equipment	1,636	1,879	559	632
Intangible assets	161	161	161	161
	38,039	31,940	7,257	5,798
Total assets	222,488	206,624	146,868	131,969
LIABILITIES				
Current liabilities				
Trade and other payables	18,989	18,456	3,802	3,368
Advances from joint ventures	6,650	6,650	6,650	6,650
Borrowings	23,010	8,971	22,719	8,600
Obligations under finance leases	30	34	-	-
Gross amount due to customers for contract work-in-progress	4,194	1,746	-	-
Current income tax liabilities	1,835	1,281	-	-
Deferred income	3,250	3,250	3,250	3,250
	57,958	40,388	36,421	21,868
Non-current liabilities				
Deferred income	542	1,354	542	1,354
Obligations under finance leases	47	53	-	-
Deferred income tax liabilities	25	25	-	-
	614	1,432	542	1,354
Total liabilities	58,572	41,820	36,963	23,222
NET ASSETS	163,916	164,804	109,905	108,747
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	36,744	35,747	36,744	35,747
Other reserves	3,228	2,694	445	812
Retained earnings	121,914	121,314	72,716	72,188
	161,886	159,755	109,905	108,747
Non-controlling interests	2,030	5,049	-	-
TOTAL EQUITY	163,916	164,804	109,905	108,747

Additional Information to the Statement of financial position:**Current and Non-Current Assets**

- Cash and bank balances increased by \$10.13 million as compared to 31 Dec 2016. The increase is mainly due to dividend received and repayment of a short-term USD advance (amounting to USD5 million) arising from our USA project development investment. The amount of USD5 million will be used to repay short-term USD bank loan maturing in April 2017.
- Inventories decreased by \$0.82 million as compared to 31 Dec 2016. The decrease is mainly due to a decrease in inventory in the supply chain division and interior and furniture division.
- Trade and other receivable (current and non-current) increased by \$7.84 million as compared to 31 Dec 2016. The increase is mainly due to the increase in loan given by a subsidiary to a USA company.

Current and Non-Current Liabilities

- Total borrowings and obligations under finance leases increased by \$14.03 million as compared to 31 Dec 2016. The increase is mainly due to increase in short-term USD bank loan taken up by the Company maturing in April 2017.

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-Mar-17		As at 31-Dec-16	
Secured	Unsecured	Secured	Unsecured
S\$22,749,914	S\$290,464	S\$8,633,913	S\$370,540

Amount repayable after one year

As at 31-Mar-17		As at 31-Dec-16	
Secured	Unsecured	Secured	Unsecured
S\$46,779	Nil	S\$53,366	Nil

Details of any collateral**Bank loan**

The bank loan is interest bearing at 0.40% per annum above the bank's cost of funds for interest periods of 1, 2 or 3 months and are secured by a pledge of certain fixed deposits in the name of the Company, equivalent to not less than 120% of Singapore Dollars equivalent of the loan utilisation from time to time and interest thereon.

Bills payable to banks

The Group's bills payable to banks is interest-bearing at the bank's prime lending rate for interest periods of 1, 2, 3 or 4 months and are unsecured.

Bankers guarantee ("BG")

The Group's BG are unsecured except for certain BGs which are secured by a pledge of fixed deposits of the Group amounting to \$747,024 (2016: \$734,268).

Finance leases of \$77,255 (31 Dec 2016: \$87,231) are secured over some of the Group's motor vehicles and equipment.

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

	GROUP	
	31-Mar-17	31-Mar-16
	S\$'000	S\$'000
Cash flows from operating activities		
Net profit	784	1,290
Adjustments for:		
- Income tax expense	741	52
- Employee share option expense	-	34
- Amortisation of deferred income	(812)	(812)
- Allowance for impairment of trade and other receivables	44	46
- Bad debts recovered	(13)	(74)
- Depreciation	224	214
- (Reversal of)/allowance for stock obsolescence	(67)	25
- Loss on disposal of property, plant and equipment	-	1
- Loss on disposal of investment	-	1
- Reversal of impairment loss of available-for-sale financial assets	-	2
- Interest income	(540)	(450)
- Finance expenses	29	30
- Share of loss/(profit) of joint ventures-net of tax	231	(633)
- Unrealised exchange differences	(541)	(893)
Operating cash flows before changes in working capital	80	(1,167)
<i>Change in working capital:</i>		
- Trade and other receivables	(670)	(448)
- Inventories	889	2,312
- Contract work-in-progress	2,603	(119)
- Trade and other payables	533	(1,660)
Cash provided by/(used in) operations	3,435	(1,082)
- Income tax paid	(186)	(32)
Net cash provided by/(used in) operating activities	3,249	(1,114)
Cash flows from investing activities		
Dividend income received from joint ventures	400	1,800
Loan to a non-related company, net	(6,976)	-
Proceeds from disposal of investment	-	15
Disposal of property, plant and equipment	-	25
Additions to property, plant and equipment	-	(126)
Fixed deposits with maturity of more than three months	(2,452)	(5,801)
Interest received	316	140
Acquisition of non-controlling interests in a subsidiary	(1,532)	-
Repayment of loan by associated companies	247	525
Net cash used in investing activities	(9,997)	(3,422)
Cash flows from financing activities		
Advances from joint ventures	-	8,373
Proceeds from bank borrowings	14,425	126
Repayment of bank borrowings	(385)	(720)
Net proceeds from issuance of shares	710	-
Fixed deposits pledged	(13)	(8)
Repayment of finance leases	(10)	(10)
Interest paid	(29)	(30)
Net cash provided by financing activities	14,698	7,731
Net increase in cash and cash equivalents	7,950	3,195
Cash and cash equivalents		
Beginning of financial period	13,229	10,368
Effect of currency translation on cash and cash equivalents	(289)	(61)
End of financial period	20,890	13,502

Notes to Cash Flow Statement

For the purpose of presenting in the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	GROUP	
	31-Mar-17	31-Mar-16
	S\$'000	S\$'000
Cash and bank balances	144,947	117,190
Less: Bank deposits pledged	(13,437)	(13,887)
Less: Bank deposits with maturity more than 3 months but less than 12 months	(110,620)	(89,801)
Cash and cash equivalents per consolidated statement of cash flows	20,890	13,502

The Group generated \$0.08 million in operating activities before taking into account working capital changes as compared to cash used from operations of \$1.17 million in the 1st quarter ended 31 Mar 2016. Taking into account changes in working capital and income tax paid, the Group generated \$3.25 million from its operating activities as compared to \$1.11 million used in the 1st quarter ended 31 Mar 2016.

The Group recorded a net cash inflow of \$7.95 million in the 1st quarter ended 31 Mar 2017 as compared to a net cash inflow of \$3.20 million in the 1st quarter of 2016. The net increase in cash and cash equivalents was due to net cash provided by the operating activities and financing activities of \$3.25 million and \$14.70 million respectively, which was partially offset by net cash used in the investing activities of \$10.00 million.

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 financial period ended 31-Mar-17

	Attributable to equity holders of the Company							
	Share capital	Employee share option reserve	Currency translation reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
GROUP	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Opening balance at 1-Jan-17	35,747	812	1,232	650	121,314	159,755	5,049	164,804
Profit for the period	-	-	-	-	520	520	264	784
Other comprehensive income, net of tax								
Currency translation differences arising from consolidation – loss	-	-	(664)	-	-	(664)	(186)	(850)
Total comprehensive income for the period	-	-	(664)	-	520	(144)	78	(66)
Changes in ownership interests in subsidiaries								
Acquisition of non-controlling interests in a subsidiary	-	-	-	1,565	-	1,565	(3,097)	(1,532)
Total changes in ownership interests in subsidiaries	-	-	-	1,565	-	1,565	(3,097)	(1,532)
Contributions by and distributions to owners								
Employee share option scheme lapsed during the period	-	(80)	-	-	80	-	-	-
Issue of new shares	997	(287)	-	-	-	710	-	710
Total contributions by and distributions to owners	997	(367)	-	-	80	710	-	710
Total transactions with owners in their capacity as owners	997	(367)	-	1,565	80	2,275	(3,097)	(822)
Closing balance at 31-Mar-17	36,744	445	568	2,215	121,914	161,886	2,030	163,916

Consolidated statement of changes in equity for the financial period ended 31-Mar-16

	Attributable to equity holders of the Company							
	Share capital	Employee share option reserve	Currency translation reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
GROUP	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Opening balance at 1-Jan-16	33,745	1,426	723	-	107,085	142,979	4,166	147,145
Profit for the period	-	-	-	-	867	867	423	1,290
<u>Other comprehensive income, net of tax</u>								
Currency translation differences arising from consolidation – loss	-	-	(715)	-	-	(715)	(261)	(976)
Total comprehensive income for the period	-	-	(715)	-	867	152	162	314
<u>Contributions by and distributions to owners</u>								
Employee share option scheme	-	34	-	-	-	34	-	34
Total contributions by and distributions to owners	-	34	-	-	-	34	-	34
Total transactions with owners in their capacity as owners	-	34	-	-	-	34	-	34
Closing balance at 31-Mar-16	33,745	1,460	8	-	107,952	143,165	4,328	147,493

Statement of changes in equity for the financial period ended 31-Mar-17

	Share capital	Employee share option reserve	Retained earnings	Total
COMPANY	S\$'000	S\$'000	S\$'000	S\$'000
Opening balance at 1-Jan-17	35,747	812	72,188	108,747
Profit for the period	-	-	448	448
Total comprehensive income for the period	-	-	448	448
<u>Contributions by and distributions to owners</u>				
Employee share option scheme lapsed during the period	-	(80)	80	-
Issue of new shares	997	(287)	-	710
Total contributions by and distributions to owners	997	(367)	80	710
Total transactions with owners in their capacity as owners	997	(367)	80	710
Closing balance at 31-Mar-17	36,744	445	72,716	109,905

Statement of changes in equity for the financial period ended 31-Mar-16

	Share capital	Employee share option reserve	Retained earnings	Total
COMPANY	S\$'000	S\$'000	S\$'000	S\$'000
Opening balance at 1-Jan-16	33,745	1,426	52,845	88,016
Profit for the period	-	-	1,102	1,102
Total comprehensive income for the period	-	-	1,102	1,102
<u>Contributions by and distributions to owners</u>				
Employee share option scheme	-	34	-	34
Total contributions by and distributions to owners	-	34	-	34
Total transactions with owners in their capacity as owners	-	34	-	34
Closing balance at 31-Mar-16	33,745	1,460	53,947	89,152

- 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.**

	GROUP AND COMPANY	
	31-Mar-17	31-Dec-16
	S\$'000	S\$'000
<u>Issued and paid up capital</u>		
At the end of the financial period/year	36,744	35,747

Note:

The number of share options outstanding as at 31 Mar 2017 is 2,620,000 (31 Dec 2016: 5,533,000).

- 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 preceding year.**

	GROUP AND COMPANY	
	31-Mar-17	31-Dec-16
No of issued shares at the beginning of the period/year	216,953,686	212,722,686
Issue of new shares:		
- exercised of share option by employees and directors	2,275,000	4,231,000
No of issued shares at the end of the period/year	219,228,686	216,953,686

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

Not applicable.

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

The financial statements have not been audited nor reviewed by the Company's 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 adopted the same accounting policies and method of computation in the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 Dec 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.

The Group has adopted the new and revised Singapore Financial Reporting Standards ("FRSs") that are mandatory for financial years beginning on and after 1 Jan 2017, where applicable. The adoption of these standards did not result in substantial changes to the Group's accounting policies, and there is no material impact on the retained earnings of the Group as at 1 Jan 2017.

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.

	GROUP	
	31-Mar-17	31-Mar-16
Earnings per share based on consolidated profit after taxation and Non-controlling interests		
Based on existing issued share capital (cents)	0.24	0.41
On a fully diluted basis (cents)	0.23	0.40

Note:

- a) The Earnings per share is calculated based on the weighted average number of shares in issue during the period amounting to 217,519,464 and 212,722,686 shares as at 31 Mar 2017 and 31 Mar 2016 respectively.
- b) In calculating Earnings per share on a fully diluted basis, the weighted average number of shares in issue during the period is adjusted to take into account the employee share options on a deemed exercised basis, being 221,764,927 and 215,555,488 shares as at 31 Mar 2017 and 31 Mar 2016 respectively.

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	
	31-Mar-17	31-Dec-16	31-Mar-17	31-Dec-16
Net asset value per share based on the existing issued share capital as at the respective period	73.84 cents	73.64 cents	50.13 cents	50.12 cents

Note:

The net assets value per ordinary shares are calculated based on the issued share capital of the Company of 219,228,686 and 216,953,686 as at 31 Mar 2017 and 31 Dec 2016 respectively.

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.

Group revenue for the 1st quarter ended 31 Mar 2017 increased by 11% to \$23.57 million as compared to \$21.15 million for the 1st quarter ended 31 Mar 2016.

This increase is mainly attributable to the Group's supply chain division which sells to the USA market. However the interior and furniture segment recorded lower sales, in line with the slow down in the domestic economy and the soft retail market environment.

The Group's net profit after tax for the 1st quarter decreased by 39% to \$0.78 million as compared to a net profit after tax of \$1.29 million for the 1st quarter ended 31 Mar 2016. This was mainly due to a fall in the Group's share of profits from its property investments joint ventures which was partially offset by the increase in contribution from the supply chain division. Consequently, the Group's net profit attributable to shareholders for the 1st quarter 2017 also dropped 40% to \$0.52 million as compared to \$0.87 million for the 1st quarter ended 31 Mar 2016.

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

Not applicable.

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 interior and furniture segment continues to slow down as a result of a slow-down in the Singapore economy. Parallel import competition in the digital space continues to circumvent traditional retail channels. We have closed down our Liang Court showroom and we will study if further retail business operations need to be streamlined.

The property development business in Singapore continues to be challenging and opportunities remain limited. The performance of Ibis Styles Hotels, in which the Group has a 25% stake, continues to be impacted by the increasing supply of hotel rooms and slower tourism growth in Singapore.

The Group's USA distribution and supply chain division has performed positively for the 1st quarter ended 31 Mar 2017. While the Group will continue to grow the business, it will continue to monitor closely the current USA government's position on trade restrictions and protectionism viz a viz export oriented countries in Asia.

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

Any dividend declared for the corresponding period of the immediately preceding financial year? None

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared/recommendeded for the current financial period ended 31 Mar 2017.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

13. 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.

Not applicable.

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

Not applicable.

15. A breakdown of sales.

Not applicable.

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

Total Annual Dividend (*Refer to Para 16 of Appendix 7.2 for the required details*)

	Latest Full Year (S\$)	Previous Full Year (S\$)
Ordinary	0	0
Preference	0	0
Total:	0	0

17. Interest Person Transaction

Name of Interested Person	Aggregate value of all Interested Persons Transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' Mandate pursuant to Rule 920)	Aggregate value of all Interested Persons Transactions conducted during the financial year under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
	Nil	Nil

18. Confirmation of Directors' and Executive Officers' Undertakings

The Company confirms that it has procured undertakings from all its Directors and Executive Officers in compliance with Rule 720(1) of the Listing Manual.

19. Confirmation by the Board Pursuant to Rule 705(5) of the Listing Manual

The board of directors have confirmed that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of which may render the unaudited 1st quarter financial statements for the three months ended 31 Mar 2017 to be false or misleading in any material aspect.

On behalf of the Board of Directors,

Goon Eu Jin Terence
Director

Wee Ai Quey
Director

BY ORDER OF THE BOARD

Goon Eu Jin Terence
Group Chief Executive Officer and Managing Director

20 April 2017