

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 2015

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		
	30/09/2015	30/09/2014	
	S\$'000	S\$'000	
Revenue	15,445	15,185	2
Cost of sales	(12,868)	(11,926)	8
Gross profit	2,577	3,259	(21)
Other operating income	616	151	308
Distribution costs	(1,588)	(1,555)	2
Administrative expenses	(874)	(820)	7
Other operating expenses	(30)	*	N/M
Finance cost	(4)	–	N/M
Results from operating activities	697	1,035	(33)
Share of profit of joint venture	16	–	N/M
Net finance income	69	68	1
Profit before tax	782	1,103	(29)
Tax expense	(187)	(183)	2
Net profit for the quarter	595	920	(35)
Earnings per share			
Basic (cents)	0.27	0.41	
Diluted (cents)	0.27	0.41	

* Less than \$1,000

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

	<u>Group</u>		Increase/ (Decrease) %
	First quarter ended		
	30/09/2015 S\$'000	30/09/2014 S\$'000	
Net profit for the quarter	595	920	(35)
Other comprehensive income:			
Foreign currency translation differences arising from consolidation	25	30	(17)
Total comprehensive income for the quarter	<u>620</u>	<u>950</u>	(35)
Attributable to:			
Equity holders of the Company	<u>620</u>	<u>950</u>	(35)
Total comprehensive income for the quarter	<u>620</u>	<u>950</u>	(35)

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

	<u>Group</u>	
	First quarter ended	
	30/09/2015 S\$'000	30/09/2014 S\$'000
Depreciation of property, plant and equipment	(273)	(250)
Gain on disposal of property, plant and equipment	–	43
Foreign currency exchange gain, net	599	93
Net finance income	69	68
Allowance for doubtful debts – trade, net	(30)	–
Allowance for inventory write-down, net	(139)	(13)

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	
	30/9/2015 S\$'000	30/6/2015 S\$'000	30/9/2015 S\$'000	30/6/2015 S\$'000
Non-current assets				
Property, plant and equipment	8,667	8,912	8,225	8,479
Investment in subsidiaries	–	–	7,464	7,464
Investment in joint venture	84	68	50	50
Other financial assets	5,091	5,095	5,090	5,095
	<u>13,842</u>	<u>14,075</u>	<u>20,829</u>	<u>21,088</u>
Current assets				
Inventories	44,000	44,749	32,824	33,922
Trade and other receivables	18,172	18,483	24,512	24,391
Cash and cash equivalents	17,148	16,870	15,380	13,957
	<u>79,320</u>	<u>80,102</u>	<u>72,716</u>	<u>72,270</u>
Total assets	<u>93,162</u>	<u>94,177</u>	<u>93,545</u>	<u>93,358</u>
Equity attributable to equity holders of the Company				
Share capital	45,750	45,750	45,750	45,750
Revaluation reserve	2,845	2,845	2,845	2,845
Currency translation reserve	142	117	–	–
Retained earnings	40,994	40,399	42,100	41,345
Total equity	<u>89,731</u>	<u>89,111</u>	<u>90,695</u>	<u>89,940</u>
Non-current liabilities				
Deferred tax liabilities	60	43	34	17
Current liabilities				
Trade and other payables	2,144	3,742	1,928	2,682
Trade financing	324	548	–	–
Current tax liabilities	903	733	888	719
	<u>3,371</u>	<u>5,023</u>	<u>2,816</u>	<u>3,401</u>
Total liabilities	<u>3,431</u>	<u>5,066</u>	<u>2,850</u>	<u>3,418</u>
Total equity and liabilities	<u>93,162</u>	<u>94,177</u>	<u>93,545</u>	<u>93,358</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 Sep 2015</u>		<u>As at 30 June 2015</u>	
Secured	Unsecured	Secured	Unsecured
-	324	-	548

Amount repayable after one year (\$'000)

<u>As at 30 Sep 2015</u>		<u>As at 30 June 2015</u>	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

The unsecured group borrowings comprised trade financing facility utilised by a subsidiary arising from the ordinary course of business.

- 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	
	30/9/2015 S\$'000	30/9/2014 S\$'000
Cash flows from operating activities		
Profit after income tax	595	920
Adjustments for :		
Depreciation of property, plant and equipment	273	250
Gain on disposal of property, plant and equipment	–	(43)
Net finance income	(69)	(68)
Interest expenses	4	–
Tax expense	187	183
Share of profit of joint venture	(16)	–
	974	1,242
Changes in operating assets and liabilities:		
Trade and other receivables	311	3,174
Trade and other payables	(1,598)	(581)
Inventories	749	(931)
Net cash from operations	436	2,904
Income tax paid	–	(6)
Net cash from operating activities	436	2,898
Cash flows from investing activities		
Proceed from disposal of property, plant and equipment	–	116
Purchase of property, plant and equipment	(28)	(428)
Interest received	73	73
Interest paid	(4)	–
Net cash generated from / (used in) investing activities	41	(239)
Cash flows from financing activities		
Repayment of trade financing	(224)	–
Net cash used in financing activities	(224)	–
Net increase in cash and cash equivalents	253	2,659
Cash and cash equivalents at beginning of the period	16,870	18,677
Effect of exchange rate fluctuations	25	30
Cash and cash equivalents at end of financial period	17,148	21,366
Cash and cash equivalents comprise:		
Cash and bank balances	12,148	16,366
Short-term bank deposits	5,000	5,000
	17,148	21,366

- 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 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
Balance as at 1 July 2014	45,750	1,860	37	40,186	87,833
Total comprehensive income for the quarter ended 30 September 2014	–	–	30	920	950
Balance as at 30 September 2014	45,750	1,860	67	41,106	88,783

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 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
Balance as at 1 July 2014	45,750	1,860	40,777	88,387
Total comprehensive income for the quarter ended 30 September 2014	–	–	1,087	1,087
Balance as at 30 September 2014	45,750	1,860	41,864	89,474

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 as at 30 September 2015 and 30 September 2014.

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 30/09/2015	As at 30/06/2015
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 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.*

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	
	30/09/2015	30/09/2014
Earnings per share (cents)		
(a) based on weighted average number of shares in issue	0.27	0.41
(b) on a fully diluted basis	0.27	0.41
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>	
	30/09/2015	30/06/2015	30/09/2015	30/06/2015
Net asset value per share based on issued share capital (cents)	40.4	40.1	40.9	40.5
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 2015

The Group posted a revenue of \$15.45 million for the first quarter ended 30 September 2015 ("1Q2016"), slightly higher than the \$15.19 million recorded in the corresponding quarter ended 30 September 2014 ("1Q2015") of the preceding year.

Gross profit amount for the quarter declined to \$2.58 million (1Q2015: \$3.26 million) whilst gross profit margin decreased to 17% (1Q2015: 21%) mainly due to lower average selling price.

Other operating income was higher at \$616,000 (1Q2015: \$151,000) largely due to higher foreign currency exchange gain of \$599,000 (1Q2015: \$93,000) arising from the strong USD currency on USD-denominated trade receivables.

Other operating expenses were higher at \$30,000 (1Q2015: less than \$1,000) mainly due to provision for doubtful debts.

The above contributed to a lower net profit for the quarter.

Statements of Financial Position and Cash Flows

Net cash generated from operating activities in 1Q2016 was lower at \$436,000 (1Q2015: \$2.90 million). The disparity was largely due to higher receivables collections in 1Q2015 which arose from higher sales posted in the preceding quarter ended 30 June 2014.

Cash outflows attributed to trade payables were higher in 1Q2016 mainly due to the timing of payment to suppliers, which also led to lower trade and other payables as of 30 September 2015 compared to the payables a quarter ago. Inventories were maintained at approximately the same level prevailing at the end of the financial year ended 30 June 2015 as less material purchases were made in view of weaker demand for the products.

In respect of cash flows from investing activities, expenditure on plant and equipment was lower at \$28,000 for 1Q2016 whereas a significant sum of \$428,000 was incurred in 1Q2015 mainly for replacement of older vehicles, the disposal of which contributed to a gain of \$43,000 in 1Q2015.

Net cash used in financing activities was \$224,000 (1Q2015: nil) due to repayment of trade financing for a subsidiary.

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.*

Market demand for our products continues to be weak due to low oil prices and the continued global economic slowdown. As many of our customers are directly or indirectly involved in the oil and gas industry, the weakening of this industry has thus adversely affected us.

We expect this situation to remain, if not deteriorate, in the foreseeable future. Therefore we do not anticipate our results for the current financial year to be as good as what was posted for the last financial year.

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 2015.

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.

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 2015 to be false or misleading in any material aspect.

Kua Ghim Siong
Director / Chief Executive Officer

Kua Chee Seng
Director

BY ORDER OF THE BOARD

Kua Ghim Siong
Director / Chief Executive Officer

4 November 2015