

SIN GHEE HUAT CORPORATION LTD

Company Registration No:197700475Z
 Incorporated in Singapore


UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER AND HALF YEAR ENDED 31 DECEMBER 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					
	Second quarter ended		Increase/	Half year ended		Increase/
	31/12/2015	31/12/2014	(Decrease)	31/12/2015	31/12/2014	(Decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	12,478	14,780	(16)	27,923	29,965	(7)
Cost of sales	(9,798)	(11,407)	(14)	(22,666)	(23,333)	(3)
Gross profit	2,680	3,373	(21)	5,257	6,632	(21)
Other operating income	112	307	(64)	728	454	60
Distribution costs	(1,583)	(1,657)	(4)	(3,171)	(3,212)	(1)
Administrative expenses	(875)	(842)	4	(1,749)	(1,662)	5
Other operating expenses	(36)	(4)	800	(66)	-	N/M
Results from operating activities	298	1,177	(75)	999	2,212	(55)
Finance income	67	58	16	136	126	8
Finance costs	(1)	-	N/M	(5)	-	N/M
Share of (loss)/profit of joint venture	(7)	-	N/M	9	-	N/M
Profit before tax	357	1,235	(71)	1,139	2,338	(51)
Tax expense	(37)	(220)	(83)	(224)	(403)	(44)
Net profit for the period	320	1,015	(68)	915	1,935	(53)
Earnings per share						
Basic (cents)	0.14	0.46		0.41	0.87	
Diluted (cents)	0.14	0.46		0.41	0.87	

N/M: No meaning

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

	Group					
	Second quarter ended		Increase/ (Decrease) %	Half year ended		Increase/ (Decrease) %
	31/12/2015	31/12/2014		31/12/2015	31/12/2014	
S\$'000	S\$'000		S\$'000	S\$'000		
Net profit for the period	320	1,015	(68)	915	1,935	(53)
Other comprehensive income:						
Foreign currency translation differences for foreign operations	(11)	29	NA	14	59	(76)
Total comprehensive income for the period	309	1,044	(70)	929	1,994	(53)
Attributable to:						
Equity holders of the Company	309	1,044	(70)	929	1,994	(53)
Total comprehensive income for the period	309	1,044	(70)	929	1,994	(53)

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

	Group			
	Second quarter ended		Half year ended	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	S\$'000	S\$'000	S\$'000	S\$'000
Depreciation of property, plant and equipment	(269)	(261)	(542)	(511)
Gain on disposal of property, plant and equipment	9	14	9	57
Foreign currency exchange gain	80	289	679	382
Finance income	67	58	136	126
Finance costs	(1)	–	(5)	–
Allowance for doubtful debts, trade	(31)	–	(61)	–
Reversal/(Allowance) for inventories, net	–	23	(139)	6
Inventories written off, net	(9)	(22)	(9)	(18)

(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	
	31/12/2015	30/6/2015	31/12/2015	30/6/2015
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	8,462	8,912	8,047	8,479
Investment in subsidiaries	–	–	7,464	7,464
Investment in joint venture	77	68	50	50
Other financial assets	5,086	5,095	5,086	5,095
	<u>13,625</u>	<u>14,075</u>	<u>20,647</u>	<u>21,088</u>
Current assets				
Inventories	42,758	44,749	31,618	33,922
Trade and other receivables	15,756	18,483	22,143	24,391
Cash and cash equivalents	19,107	16,870	16,620	13,957
	<u>77,621</u>	<u>80,102</u>	<u>70,381</u>	<u>72,270</u>
Total assets	<u>91,246</u>	<u>94,177</u>	<u>91,028</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	131	117	–	–
Retained earnings	37,984	40,399	38,950	41,345
Total equity	<u>86,710</u>	<u>89,111</u>	<u>87,545</u>	<u>89,940</u>
Non-current liabilities				
Deferred tax liabilities	60	43	34	17
Current liabilities				
Trade and other payables	3,570	3,742	2,871	2,682
Trade financing	324	548	–	–
Current tax liabilities	582	733	578	719
	<u>4,476</u>	<u>5,023</u>	<u>3,449</u>	<u>3,401</u>
Total liabilities	<u>4,536</u>	<u>5,066</u>	<u>3,483</u>	<u>3,418</u>
Total equity and liabilities	<u>91,246</u>	<u>94,177</u>	<u>91,028</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 31 December 2015</u>		<u>As at 30 June 2015</u>	
Secured	Unsecured	Secured	Unsecured
-	324	-	548

Amount repayable after one year (\$'000)

<u>As at 31 December 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

	Second quarter ended		Half year ended	
	31/12/2015	31/12/2014	31/12/2015	12/12/2014
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Profit for the period	320	1,015	915	1,935
Adjustments for :				
Depreciation of property, plant and equipment	269	261	542	511
Gain on disposal of property, plant and equipment	(9)	(14)	(9)	(57)
Finance income	(67)	(58)	(136)	(126)
Interest expenses	1	-	5	-
Tax expense	37	220	224	403
Share of loss/(profit) of joint venture	7	-	(9)	-
	558	1,424	1,532	2,666
Changes in operating assets and liabilities:				
Trade and other receivables	2,416	(590)	2,727	2,584
Trade and other payables	1,426	607	(172)	26
Inventories	1,242	(4,582)	1,991	(5,513)
Net cash from operations	5,642	(3,141)	6,078	(237)
Income tax paid	(358)	(301)	(358)	(307)
Net cash from operating activities	5,284	(3,442)	5,720	(544)
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	11	38	11	154
Purchase of property, plant and equipment	(66)	(91)	(94)	(519)
Interest received	72	64	145	137
Net cash generated from/(used in) investing activities	17	11	62	(228)
Cash flows from financing activities				
Interest paid	(1)	-	(5)	-
Repayment of trade financing	-	-	(224)	-
Dividend	(3,330)	(3,330)	(3,330)	(3,330)
Net cash used in financing activities	(3,331)	(3,330)	(3,559)	(3,330)
Net increase / (decrease) in cash and cash equivalents	1,970	(6,761)	2,223	(4,102)
Cash and cash equivalents at beginning of the period	17,148	21,366	16,870	18,677
Effect of exchange rates fluctuations	(11)	29	14	59
Cash and cash equivalents at end of the period	19,107	14,634	19,107	14,634
Cash and cash equivalents comprise:				
Cash and bank balances	14,107	8,634	14,107	8,634
Short-term bank deposits	5,000	6,000	5,000	6,000
	19,107	14,634	19,107	14,634

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	Revaluation reserve	Translation reserve	Retained earnings	Total
	S\$'000	S\$'000	S\$'000	S\$'000	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
Total comprehensive income for the quarter ended 31 December 2015	-	-	(11)	320	309
Dividend paid	-	-	-	(3,330)	(3,330)
Balance as at 31 December 2015	45,750	2,845	131	37,984	86,710
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
Total comprehensive income for the quarter ended 31 December 2014	-	-	29	1,015	1,044
Dividend paid	-	-	-	(3,330)	(3,330)
Balance as at 31 December 2014	45,750	1,860	96	38,791	86,497

Statement of Changes in Equity for the Company

	Share capital	Revaluation reserve	Retained earnings	Total
	S\$'000	S\$'000	S\$'000	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
Total comprehensive income for the quarter ended 31 December 2015	-	-	180	180
Dividend paid	-	-	(3,330)	(3,330)
Balance as at 31 December 2015	45,750	2,845	38,950	87,545
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
Total comprehensive income for the quarter ended 31 December 2014	-	-	1,185	1,185
Dividend paid	-	-	(3,330)	(3,330)
Balance as at 31 December 2014	45,750	1,860	39,719	87,329

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 31 December 2015 and 31 December 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 31/12/2015	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

	Group		Group	
	Second quarter ended		Half year ended	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Earnings per share (cents)				
(a) based on weighted average number of shares in issue	0.14	0.46	0.41	0.87
(b) on a fully diluted basis	0.14	0.46	0.41	0.87
Weighted average number of shares in issue	222,000,000	222,000,000	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

	Group		Company	
	31/12/2015	30/06/2015	31/12/2015	30/06/2015
Net asset value per share based on issued share capital (cents)	39.1	40.1	39.4	40.5
Number of shares on 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.*

REVIEW OF PERFORMANCE

Consolidated Income Statement

For the second quarter ended 31 December 2015 ("2Q2016")

The Group posted a revenue of \$12.48 million for the second quarter ended 31 December 2015, 16% lower than the \$14.78 million recorded for 2Q2015, the corresponding quarter of the preceding financial year. The lower revenue was largely attributed to weak demand amid global economic slowdown particularly in the oil & gas and petrochemical industry.

Gross profit for 2Q2016 decreased to \$2.68 million (2Q2015: \$3.37 million) mainly because of lower revenue.

Other operating income for 2Q2016 was lower at \$112,000 (2Q2015: \$307,000) mainly due to lower foreign currency exchange gain of \$80,000 (2Q2015: \$289,000). Other operating expense was higher at \$36,000 (2Q2015: \$4,000) mainly due to provision for doubtful debts.

Resulting from the above, the quarter ended with a lower profit before tax and net profit.

Consolidated Income Statement For the half year ended 31 December 2015 (“1H2016”)

Revenue posted for the half year ended 31 December 2015 was \$27.92 million, 7% lower than the \$29.97 million recorded in 1H2015, the corresponding period of the preceding year. The lower revenue registered in 2Q2016 due to a weak demand led to the decline in revenue for 1H2016.

Gross profit for 1H2016 decreased to \$5.26 million (1H2015: \$6.63 million) largely due to lower revenue and lower average selling price.

Other operating income for 1H2016 was higher at \$728,000 (1H2015: \$454,000) mainly due to higher foreign currency exchange gain of \$679,000 (1H2015: \$382,000). Other operating expenses were higher at \$66,000 (1H2015: nil) mainly due to provision for doubtful debts.

The above factors collectively contributed to lower profit before tax (hence lower tax expense) and lower net profit for the half year ended 31 December 2015.

Financial Position and Cash Flows

Inventories were lower at \$42.76 million compared with \$44.75 million six months ago largely due to a reduction of inventory replenishments in light of a weak demand in the market even as the existing inventories were progressively drawn down.

The lower level of trade and other receivables of \$15.76 million (30 June 2015: \$18.48 million) generally reflected the lower revenue recorded for the quarter ended 31 December 2015.

Net cash from operating activities for 2Q2016 was a positive \$5.28 million versus a negative \$3.44 million in 2Q2015 largely as a result of the lower levels of inventories and trade and other receivables. By the same token, net cash from operating activities for 1H2016 was a positive \$5.72 million compared with a negative \$544,000 in 1H2015.

A dividend of \$3.33 million (2Q2015: \$3.33 million) was paid to shareholders during 2Q2016 in respect of the financial year ended 30 June 2015.

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

The second quarter ended with a lower revenue as well as lower profit consistent with our expectation that the current financial year is not anticipated to be as good as what was posted for the last financial year.

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 price of crude oil continues to be depressed due to oversupply and less demand from China. The global economy has slowed down as well.

This has resulted in a reduced demand for our stainless steel products from our customers in the oil and gas and related industries.

Should the current depressed economic situation prolong, it might also result in falling prices for stainless steel, which may in turn lead to impairment of our inventories and adverse effect on the performance of the Group.

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 31 December 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 Group 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 second quarter ended 31 December 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 February 2016