

SIN GHEE HUAT CORPORATION LTDCompany Registration No:197700475Z
Incorporated in Singapore**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH 2018****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					
	Third quarter ended		Increase/ (Decrease)	Nine months ended		Increase/ (Decrease)
	31/03/2018	31/03/2017		31/03/2018	31/03/2017	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	11,136	8,690	28	26,320	24,504	7
Cost of sales	(9,374)	(6,489)	44	(20,651)	(18,765)	10
Gross profit	1,762	2,201	(20)	5,669	5,739	(1)
Other operating income	62	31	100	82	305	(73)
Distribution costs	(1,344)	(1,405)	(4)	(4,085)	(4,314)	(5)
Administrative expenses	(814)	(856)	(5)	(2,453)	(2,555)	(4)
Other operating expenses	(198)	(201)	(1)	(408)	(6)	>500
Results from operating activities	(532)	(230)	131	(1,195)	(831)	44
Finance income	78	91	(14)	241	269	(10)
Finance cost	(3)	(2)	50	(42)	(51)	(18)
Share of profit/(loss) of joint venture	-	11	NM	-	(55)	NM
Loss before tax	(457)	(130)	252	(996)	(668)	49
Tax credit/(expense)	1	(12)	NM	(15)	94	NM
Net loss for the period	(456)	(142)	221	(1,011)	(574)	76
Earnings per share						
Basic (cents)	(0.21)	(0.06)		(0.46)	(0.26)	
Diluted (cents)	(0.21)	(0.06)		(0.46)	(0.26)	

NM: Not meaningful

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

	Group					
	Third quarter ended		Increase/ (Decrease) %	Nine months ended		Increase/ (Decrease) %
	31/3/2018	31/3/2017		31/3/2018	31/3/2017	
	S\$'000	S\$'000		S\$'000	S\$'000	
Net loss for the period	(456)	(142)	221	(1,011)	(574)	76
Other comprehensive income:						
Foreign currency translation difference arising from consolidation	15	(12)	NM	14	(3)	NM
Total comprehensive income for the period	(441)	(154)	186	(997)	(577)	73
Attributable to:						
Equity holders of the Company	(441)	(154)	186	(997)	(577)	73
Total comprehensive income for the period	(441)	(154)	186	(997)	(577)	73

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

	Group			
	Third quarter ended		Nine months ended	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017
	S\$'000	S\$'000	S\$'000	S\$'000
Depreciation of property, plant and equipment	(236)	(252)	(724)	(760)
Foreign exchange (loss)/gain	(191)	(193)	(409)	187
Finance income	78	91	241	269
Recovery of allowance for doubtful debts, trade	-	-	-	15
Allowance for inventory impairment, net	(981)	(131)	(1,211)	(287)

(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	
	31/03/2018	30/06/2017	31/03/2018	30/06/2017
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	6,826	7,499	6,576	7,170
Investment in subsidiaries	–	–	6,666	6,666
Investment in joint venture	–	–	50	50
Other financial assets	1,001	2,038	1,001	2,038
Deferred tax assets	292	303	244	217
	<u>8,119</u>	<u>9,840</u>	<u>14,537</u>	<u>16,141</u>
Current assets				
Inventories	37,361	36,865	27,570	27,253
Trade and other receivables	12,584	10,233	18,371	15,839
Other financial assets	–	1,000	–	1,000
Current tax recoverables	–	15	–	17
Cash and cash equivalents	27,914	29,737	25,344	26,929
	<u>77,859</u>	<u>77,850</u>	<u>71,285</u>	<u>71,038</u>
Total assets	<u>85,978</u>	<u>87,690</u>	<u>85,822</u>	<u>87,179</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	94	80	–	–
Retained earnings	34,271	35,726	35,162	36,193
Total equity	<u>83,031</u>	<u>84,472</u>	<u>83,828</u>	<u>84,859</u>
Current liabilities				
Trade and other payables	2,714	2,769	1,986	2,320
Borrowings	219	449	–	–
Current tax liabilities	14	–	8	–
	<u>2,947</u>	<u>3,218</u>	<u>1,994</u>	<u>2,320</u>
Total liabilities	<u>2,947</u>	<u>3,218</u>	<u>1,994</u>	<u>2,320</u>
Total equity and liabilities	<u>85,978</u>	<u>87,690</u>	<u>85,822</u>	<u>87,179</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 March 2018</u>		<u>As at 30 June 2017</u>	
Secured	Unsecured	Secured	Unsecured
-	219	-	449

Amount repayable after one year (\$'000)

<u>As at 31 March 2018</u>		<u>As at 30 June 2017</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

	Third quarter ended		Nine months ended	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Loss for the period	(456)	(142)	(1,011)	(574)
Adjustments for :				
Depreciation of property, plant and equipment	236	252	724	760
Gain on disposal of property, plant and equipment	-	-	-	(6)
Finance income	(78)	(91)	(241)	(269)
Finance cost	3	2	42	51
Share of (profit)/loss of joint venture	-	(11)	-	55
Tax (credit)/expense	(1)	12	15	(94)
	(296)	22	(471)	(77)
Changes in operating assets and liabilities:				
Trade and other receivables	(3,138)	(467)	(2,351)	1,239
Trade and other payables	244	(524)	(55)	(328)
Inventories	1,124	721	(496)	1,656
Net cash (used in)/from operations	(2,066)	(248)	(3,373)	2,490
Income tax (paid)/refund	-	(21)	25	(53)
Net cash (used in)/from operating activities	(2,066)	(269)	(3,348)	2,437
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment	-	-	-	6
Acquisition of property, plant and equipment	(8)	(43)	(51)	(357)
Proceeds from redemption of debt securities	-	-	2,000	1,000
Interest received	78	94	241	277
Net cash from investing activities	70	51	2,190	926
Cash flows from financing activities				
Interest paid	(2)	(2)	(5)	(14)
Proceeds from borrowings	219	-	816	871
Repayment of borrowings	(597)	-	(1,046)	(1,043)
Dividend paid	-	-	(444)	(1,110)
Net cash used in financing activities	(380)	(2)	(679)	(1,296)
Net (decrease)/increase in cash and cash equivalents	(2,376)	(220)	(1,837)	2,067
Cash and cash equivalents at beginning of the period	30,275	28,299	29,737	26,003
Effect of exchange rate fluctuations	15	(12)	14	(3)
Cash and cash equivalents at end of the period	27,914	28,067	27,914	28,067
Cash and cash equivalents comprise:				
Cash and bank balances	6,914	14,067	6,914	14,067
Short-term bank deposits	21,000	14,000	21,000	14,000
	27,914	28,067	27,914	28,067

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 2017	45,750	2,916	80	35,726	84,472
Total comprehensive income for the half year ended 31 December 2017	-	-	(1)	(555)	(556)
Dividend paid	-	-	-	(444)	(444)
Balance as at 31 December 2017	45,750	2,916	79	34,727	83,472
Total comprehensive income for the quarter ended 31 March 2018	-	-	15	(456)	(441)
Balance as at 31 March 2018	45,750	2,916	94	34,271	83,031
Balance as at 1 July 2016	45,750	2,916	84	37,110	85,860
Total comprehensive income for the half year ended 31 December 2016	-	-	9	(432)	(423)
Dividend paid	-	-	-	(1,110)	(1,110)
Balance as at 31 December 2016	45,750	2,916	93	35,568	84,327
Total comprehensive income for the quarter ended 31 March 2017	-	-	(12)	(142)	(154)
Balance as at 31 March 2017	45,750	2,916	81	35,426	84,173

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 2017	45,750	2,916	36,193	84,859
Total comprehensive income for the half year ended 31 December 2017	-	-	(359)	(359)
Dividend paid	-	-	(444)	(444)
Balance as at 31 December 2017	45,750	2,916	35,390	84,056
Total comprehensive income for the quarter ended 31 March 2018	-	-	(228)	(228)
Balance as at 31 March 2018	45,750	2,916	35,162	83,828
Balance as at 1 July 2016	45,750	2,916	37,889	86,555
Total comprehensive income for the half year ended 31 December 2016	-	-	(409)	(409)
Dividend paid	-	-	(1,110)	(1,110)
Balance as at 31 December 2016	45,750	2,916	36,370	85,036
Total comprehensive income for the quarter ended 31 March 2017	-	-	(121)	(121)
Balance as at 31 March 2017	45,750	2,916	36,249	84,915

- 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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 March 2018 and 31 March 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:*

	As at 31/03/2018	As at 30/06/2017
Number of shares in issue	222,000,000	222,000,000

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

Not applicable.

- 1(d)(v)** *A Statement showing all sales, transfers, cancellation and/or use of subsidiary holdings 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 2017.

- 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	
	Third quarter ended		Nine months ended	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017
Earnings per share (cents)				
(a) based on weighted average number of shares in issue	(0.21)	(0.06)	(0.46)	(0.26)
(b) on a fully diluted basis	(0.21)	(0.06)	(0.46)	(0.26)
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	
	31/03/2018	30/06/2017	31/03/2017	30/06/2017
Net asset value per share based on issued share capital (cents)	37.4	38.1	37.8	38.2
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 third quarter ended 31 March 2018 ("3Q2018")

The Group posted a higher revenue of \$11.14 million for the third quarter ended 31 March 2018 compared with \$8.69 million recorded in 3Q2017, the corresponding quarter of the preceding financial year. A slight improvement in market conditions coupled with new project orders contributed to the 28% increase in revenue for the quarter.

Cost of sales for 3Q2018 increased more proportionately than revenue increase mainly due to higher provisions for inventory impairment, and to a lesser extent, due to project orders which were secured with lower gross profit margin. Consequently, gross profit for 3Q2018 decreased to \$1.76 million (3Q2017: \$2.20 million).

Other operating income was higher at \$62,000 (3Q2017: \$31,000) mainly due to scrap sales.

Finance income for 3Q2018 was lower at \$78,000 (3Q2017: \$91,000) mainly due to differentials in interest rates between the reduced portfolio of bond securities and short-term bank deposits.

The above resulted in a net loss of \$456,000 (3Q2017: \$142,000) for the quarter.

Consolidated Income Statement For the nine months ended 31 March 2018 (“9M2018”)

Group revenue for the nine months ended 31 March 2018 rose 7% to \$26.32 million compared with \$24.50 million posted in 9M2017, the corresponding period of the preceding financial year. A slight improvement in market conditions coupled with new project orders contributed to the 7% increase in revenue for 9M2018.

As a result of the higher provisions of \$1.21 million (9M2017: \$287,000) for inventory impairment, the cost of sales for 9M2018 increased, which in turn adversely affected the gross profit and gross profit margin for 9M2018.

Other operating income for 9M2018 was lower at \$82,000 (9M2017: \$305,000) whereas other operating expenses were higher at \$408,000 (9M2017: \$6,000) mainly because there was foreign exchange loss in 9M2018 as against foreign exchange gain in 9M2017.

Finance income for 9M2018 was lower at \$241,000 (9M2017: \$269,000) mainly due to differentials in interest rates between the reduced portfolio of bond securities and short-term bank deposits.

Finance cost for 9M2018 was lower at \$42,000 (9M2017: \$51,000) as there was less amortisation on a reduced portfolio of bond securities.

The above collectively resulted in a net loss of \$1.01 million (9M2017: \$574,000) for 9M2018.

Financial Position and Cash Flows

Expenditure on plant and equipment for 3Q2018 was lower at \$8,000 (3Q2017: \$43,000) as the ERP system implementation was completed in the preceding financial year. For the same reason, expenditure on plant and equipment for 9M2018 was lower at \$51,000 versus \$357,000 in 9M2017.

Trade and other receivables were higher at \$12.58 million (30 June 2017: \$10.23 million) mainly due to increased sales and higher prepayments to suppliers. These mainly accounted for the increase in net cash used in operations and operating activities.

Other financial assets decreased to \$1.00 million (30 June 2017: \$3.04 million) as certain bond securities totalling \$2.00 million (9M2017: \$1.00 million) were redeemed by the bond issuers in 9M2018. This mainly resulted in higher net cash from investing activities of \$2.19 million (9M2017: \$926,000) for 9M2018.

Borrowings were lower at \$219,000 (30 June 2017: \$449,000) as repayment exceeded proceeds from borrowings, which also resulted in cash used in financing activities of \$380,000 in 3Q2018 whereas there were no similar transactions in 3Q2017. Net cash used in financing activities for 9M2018 was lower at \$679,000 (9M2017: \$1.30 million) mainly due to lower dividend paid.

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.*

Business activities have picked up slightly along with demand for our products.

If oil price stabilizes at this level, business activities and demand should continue to improve.

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 March 2018.

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 third quarter ended 31 March 2018 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 May 2018