

SIN GHEE HUAT CORPORATION LTDCompany Registration No:197700475Z
Incorporated in Singapore**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER AND HALF YEAR ENDED 31 DECEMBER 2016****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/ (Decrease)	Half year ended		Increase/ (Decrease)
	31/12/2016	31/12/2015	%	31/12/2016	31/12/2015	%
	S\$'000	S\$'000		S\$'000	S\$'000	
Revenue	8,037	12,478	(36)	15,814	27,923	(43)
Cost of sales	(6,156)	(9,798)	(37)	(12,276)	(22,666)	(46)
Gross profit	1,881	2,680	(30)	3,538	5,257	(33)
Other operating income	343	112	206	469	728	(36)
Distribution costs	(1,447)	(1,583)	(9)	(2,909)	(3,171)	(8)
Administrative expenses	(839)	(875)	(4)	(1,699)	(1,749)	(3)
Other operating expenses	–	(36)	NM	–	(66)	NM
Results from operating activities	(62)	298	NM	(601)	999	NM
Finance income	85	67	27	178	136	31
Finance costs	(41)	(1)	>500	(49)	(5)	>500
Share of (loss)/profit of joint venture	(50)	(7)	>500	(66)	9	NM
(Loss)/profit before tax	(68)	357	NM	(538)	1,139	NM
Tax credit/(expense)	26	(37)	NM	106	(224)	NM
Net (loss)/profit for the period	(42)	320	NM	(432)	915	NM
Earnings per share						
Basic (cents)	(0.02)	0.14		(0.19)	0.41	
Diluted (cents)	(0.02)	0.14		(0.19)	0.41	

NM: Not meaningful

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

	Group					
	Second quarter ended		Increase/ (Decrease)	Half year ended		Increase/ (Decrease)
	31/12/2016	31/12/2015	%	31/12/2016	31/12/2015	%
	S\$'000	S\$'000		S\$'000	S\$'000	
Net (loss) / profit for the period	(42)	320	NM	(432)	915	NM
Other comprehensive income:						
Foreign currency translation differences for foreign operations	10	(11)	NM	9	14	(36)
Total comprehensive income for the period	(32)	309	NM	(423)	929	NM
Attributable to:						
Equity holders of the Company	(32)	309	NM	(423)	929	NM
Total comprehensive income for the period	(32)	309	NM	(423)	929	NM

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

	Group			
	Second quarter ended		Half year ended	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	S\$'000	S\$'000	S\$'000	S\$'000
Depreciation of property, plant and equipment	(262)	(269)	(508)	(542)
Foreign currency exchange gain	289	80	380	679
Finance income	85	67	178	136
Reversal/(Allowance) for doubtful debts, trade	15	(31)	15	(61)
Allowance for inventories, net	(48)	–	(156)	(139)

(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	
	31/12/2016	30/06/2016	31/12/2016	30/06/2016
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	7,955	8,149	7,584	7,775
Investment in subsidiaries	–	–	6,963	6,963
Investment in joint venture	18	84	50	50
Other financial assets	3,046	4,088	3,046	4,088
Deferred tax assets	107	79	95	67
	<u>11,126</u>	<u>12,400</u>	<u>17,738</u>	<u>18,943</u>
Current assets				
Inventories	37,841	38,776	28,224	28,814
Trade and other receivables	9,619	11,325	14,970	16,238
Cash and cash equivalents	28,299	26,003	26,271	24,212
	<u>75,759</u>	<u>76,104</u>	<u>69,465</u>	<u>69,264</u>
Total assets	<u>86,885</u>	<u>88,504</u>	<u>87,203</u>	<u>88,207</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	93	84	–	–
Retained earnings	35,568	37,110	36,370	37,889
Total equity	<u>84,327</u>	<u>85,860</u>	<u>85,036</u>	<u>86,555</u>
Current liabilities				
Trade and other payables	2,541	2,345	2,151	1,528
Borrowings	–	172	–	–
Current tax liabilities	17	127	16	124
	<u>2,558</u>	<u>2,644</u>	<u>2,167</u>	<u>1,652</u>
Total liabilities	<u>2,558</u>	<u>2,644</u>	<u>2,167</u>	<u>1,652</u>
Total equity and liabilities	<u>86,885</u>	<u>88,504</u>	<u>87,203</u>	<u>88,207</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 2016</u>		<u>As at 30 June 2016</u>	
Secured	Unsecured	Secured	Unsecured
-	-	-	172

Amount repayable after one year (\$'000)

<u>As at 31 December 2016</u>		<u>As at 30 June 2016</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	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
(Loss)/Profit for the period	(42)	320	(432)	915
Adjustments for :				
Depreciation of property, plant and equipment	262	269	508	542
Gain on disposal of property, plant and equipment	-	(9)	(6)	(9)
Finance income	(85)	(67)	(178)	(136)
Finance costs	41	1	49	5
Tax (credit)/expense	(26)	37	(106)	224
Share of loss/(profit) of joint venture	50	7	66	(9)
	200	558	(99)	1,532
Changes in operating assets and liabilities:				
Trade and other receivables	189	2,416	1,706	2,727
Trade and other payables	654	1,426	196	(172)
Inventories	(80)	1,242	935	1,991
Net cash from operations	963	5,642	2,738	6,078
Income tax paid	(32)	(358)	(32)	(358)
Net cash from operating activities	931	5,284	2,706	5,720
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment	-	11	6	11
Acquisition of property, plant and equipment	(305)	(66)	(314)	(94)
Proceeds from redemption of debt securities	1,000	-	1,000	-
Interest received	85	72	183	145
Net cash generated from investing activities	780	17	875	62
Cash flows from financing activities				
Interest paid	(4)	(1)	(12)	(5)
Proceeds from borrowings	-	325	871	648
Repayment of borrowings	(871)	(325)	(1,043)	(872)
Dividend paid	(1,110)	(3,330)	(1,110)	(3,330)
Net cash used in financing activities	(1,985)	(3,331)	(1,294)	(3,559)
Net (decrease)/increase in cash and cash equivalents	(274)	1,970	2,287	2,223
Cash and cash equivalents at beginning of the period	28,563	17,148	26,003	16,870
Effect of exchange rates fluctuations	10	(11)	9	14
Cash and cash equivalents at end of the period	28,299	19,107	28,299	19,107
Cash and cash equivalents comprise:				
Cash and bank balances	14,299	14,107	14,299	14,107
Short-term bank deposits	14,000	5,000	14,000	5,000
	28,299	19,107	28,299	19,107

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 2016	45,750	2,916	84	37,110	85,860
Total comprehensive income for the quarter ended 30 September 2016	-	-	(1)	(390)	(391)
Balance as at 30 September 2016	45,750	2,916	83	36,720	85,469
Total comprehensive income for the quarter ended 31 December 2016	-	-	10	(42)	(32)
Dividend paid	-	-	-	(1,110)	(1,110)
Balance as at 31 December 2016	45,750	2,916	93	35,568	84,327
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

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 2016	45,750	2,916	37,889	86,555
Total comprehensive income for the quarter ended 30 September 2016	-	-	(342)	(342)
Balance as at 30 September 2016	45,750	2,916	37,547	86,213
Total comprehensive income for the quarter ended 31 December 2016	-	-	(67)	(67)
Dividend paid	-	-	(1,110)	(1,110)
Balance as at 31 December 2016	45,750	2,916	36,370	85,036
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

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 2016 and 31 December 2015.

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 31/12/2016	As at 30/06/2016
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 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.*

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	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Earnings per share (cents)				
(a) based on weighted average number of shares in issue	(0.02)	0.14	(0.19)	0.41
(b) on a fully diluted basis	(0.02)	0.14	(0.19)	0.41
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	
	31/12/2016	30/06/2016	31/12/2016	30/06/2016
Net asset value per share based on issued share capital (cents)	38.0	38.7	38.3	39.0
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 2016 ("2Q2017")

The Group posted a revenue of \$8.04 million for the second quarter ended 31 December 2016 compared with \$12.48 million recorded for 2Q2016, the corresponding quarter of the preceding financial year. The lower revenue was mainly attributed to the weak market demand.

Gross profit for 2Q2017 declined to \$1.88 million (2Q2016: \$2.68 million) mainly due to lower revenue. An allowance of \$48,000 (2Q2016: \$nil) for inventory impairment was made in respect of slow-moving inventories for the quarter.

Other operating income for 2Q2017 was higher at \$343,000 (2Q2016: \$112,000) mainly due to higher foreign currency exchange gain. Other operating expenses for 2Q2017 were \$nil (2Q2016: \$36,000) mainly due to provision for doubtful debts recorded in 2Q2016.

One of the investments in bonds securities was recalled (before maturity) by the issuer during the quarter which necessitated expensing off the remaining unamortised cost of the investments. This mainly accounted for the quarter's higher finance costs of \$41,000 (2Q2016:\$1,000). On the other hand, finance

income for 2Q2017 was higher at \$85,000 (2Q2016: \$67,000) largely attributed to increased interest-bearing bank balances and short-term bank deposits.

The Group recorded a share of loss of \$50,000 (2Q2016: \$7,000) of the joint venture for the quarter mainly due a drop in revenue and increased operating costs.

The above largely accounted for the loss of \$42,000 for 2Q2017 versus the net profit of \$320,000 posted in 2Q2016.

Consolidated Income Statement For the half year ended 31 December 2016 (“1H2017”)

Revenue for the half year ended 31 December 2016 was lower at \$15.81 million compared with \$27.92 million registered in 1H2016, the corresponding period of the preceding year as market demand continued to remain weak. Gross profit was lower for 1H2017 largely due to lower revenue.

Other operating income was lower at \$469,000 (1H2016: \$728,000) mainly due to lower foreign currency exchange gain. Other operating expenses for 1H2017 were \$nil (1H2016: \$66,000) mainly due to provision for doubtful debts recorded in 1H2016.

Finance income was higher mainly due to increased interest-bearing bank balances and short-term bank deposits. Finance costs were higher mainly due to unamortised cost of a bond investment being expensed off upon redemption before maturity.

The Group recorded \$66,000 for its share of loss in the joint venture for 1H2017 versus a share of profit of \$9,000 for 1H2016 due to a drop in revenue and increased operating costs.

The above collectively resulted in a loss of \$432,000 for 1H2017 compared with a net profit of \$915,000 for 1H2016.

Financial Position and Cash Flows

Trade and other receivables dipped to \$9.62 million (30 June 2016: \$11.33 million) mainly due to lower revenue. Net cash from operating activities for 2Q2017 was lower at \$931,000 compared with \$5.28 million for 2Q2016 largely because the change in inventories and trade and other receivables as well as trade and other payables was less significant in 2Q2017 than in 2Q2016.

The investment in joint venture was lower at \$18,000 (30 June 2016: \$84,000) due to the loss incurred by the joint venture.

Acquisition of property, plant and equipment for 2Q2017 increased to \$305,000 (2Q2016: \$66,000) mainly due to upgrading and implementation of a new ERP system.

Other financial assets were lower at \$3.05 million (30 June 2016: \$4.09 million) because certain bonds securities were redeemed by the issuer.

Proceeds from redemption of the bonds securities of \$1.00 million (2Q2016: \$nil) and the acquisition of property, plant and equipment netted in cash from investing activities of \$780,000 (2Q2016: \$17,000) for the quarter. For the same reasons, 1H2017 recorded a higher net cash from investing activities of \$875,000 (1H2016: \$62,000).

A dividend of \$1.11 million (2Q2016: \$3.33 million) was paid to shareholders during the quarter in respect of the financial year ended 30 June 2016. This, coupled with repayment of the short-term bank borrowings, resulted in net cash used in financing activities of \$1.99 million (2Q2016: \$3.33 million) for the quarter. Likewise, these also resulted in net cash used in financing activities of \$1.29 million (1H2016: \$3.56 million) for the half year.

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.*

Despite oil price stabilization since last quarter, the oil and gas sector remains weak and thus demand for our products has hardly picked up.

We expect the situation to continue in the near term.

Monitoring of costs and expenses and conservation of cash reserves are ongoing as we weather these difficult times.

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 2016.

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 2016 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
10 February 2017