

# 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 2017

### 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		
	30/09/2017	30/09/2016	
	S\$'000	S\$'000	
Revenue	7,291	7,777	(6)
Cost of sales	(5,393)	(6,120)	(12)
<b>Gross profit</b>	<b>1,898</b>	<b>1,657</b>	15
Other operating income	8	126	(94)
Distribution costs	(1,435)	(1,462)	(2)
Administrative expenses	(838)	(860)	(3)
Other operating expenses	(205)	–	NM
<b>Results from operating activities</b>	<b>(572)</b>	<b>(539)</b>	6
Finance income	84	93	(10)
Finance cost	(37)	(8)	363
Share of loss of joint venture	–	(16)	NM
<b>Loss before tax</b>	<b>(525)</b>	<b>(470)</b>	12
Tax credit	49	80	(39)
<b>Net loss for the quarter</b>	<b>(476)</b>	<b>(390)</b>	22
<b>Earnings per share</b>			
Basic (cents)	(0.21)	(0.18)	
Diluted (cents)	(0.21)	(0.18)	

NM: Not meaningful

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

	<b>Group</b>		<b>Increase/ (Decrease) %</b>
	<b>First quarter ended</b>		
	<b>30/09/2017</b>	<b>30/09/2016</b>	
	<b>S\$'000</b>	<b>S\$'000</b>	
<b>Net loss for the quarter</b>	<b>(476)</b>	<b>(390)</b>	22
<b>Other comprehensive income:</b>			
Foreign currency translation differences arising from consolidation	6	(1)	NM
<b>Total comprehensive income for the quarter</b>	<b>(470)</b>	<b>(391)</b>	20
<b>Attributable to:</b>			
Equity holders of the Company	(470)	(391)	20
<b>Total comprehensive income for the quarter</b>	<b>(470)</b>	<b>(391)</b>	20

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

	<b>Group</b>	
	<b>First quarter ended</b>	
	<b>30/09/2017</b>	<b>30/09/2016</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Depreciation of property, plant and equipment	(245)	(246)
Foreign exchange (loss)/gain, net	(205)	91
Allowance for inventory impairment, net	(37)	(108)

**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	
	30/9/2017	30/6/2017	30/9/2017	30/6/2017
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Non-current assets</b>				
Property, plant and equipment	7,281	7,499	6,978	7,170
Investment in subsidiaries	–	–	6,666	6,666
Investment in joint venture	–	–	50	50
Other financial assets	1,002	2,038	1,002	2,038
Deferred tax assets	352	303	266	217
	8,635	9,840	14,962	16,141
<b>Current assets</b>				
Inventories	37,817	36,865	27,736	27,253
Trade and other receivables	8,290	10,233	14,456	15,839
Other financial assets	–	1,000	–	1,000
Current tax recoverables	–	15	–	17
Cash and cash equivalents	31,640	29,737	29,108	26,929
	77,747	77,850	71,300	71,038
<b>Total assets</b>	86,382	87,690	86,262	87,179
<b>Equity attributable to equity holders of the Company</b>				
Share capital	45,750	45,750	45,750	45,750
Revaluation reserve	2,916	2,916	2,916	2,916
Currency translation reserve	86	80	–	–
Retained earnings	35,250	35,726	35,775	36,193
<b>Total equity</b>	84,002	84,472	84,441	84,859
<b>Current liabilities</b>				
Trade and other payables	2,370	2,769	1,813	2,320
Borrowings	–	449	–	–
Current tax liabilities	10	–	8	–
	2,380	3,218	1,821	2,320
<b>Total liabilities</b>	2,380	3,218	1,821	2,320
<b>Total equity and liabilities</b>	86,382	87,690	86,262	87,179

**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 September 2017</u>		<u>As at 30 June 2017</u>	
Secured	Unsecured	Secured	Unsecured
-	-	-	449

**Amount repayable after one year (\$'000)**

<u>As at 30 September 2017</u>		<u>As at 30 June 2017</u>	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

**Details of any collateral**

Not applicable

- 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

	<b>Group</b>	
	<b>First quarter ended</b>	
	<b>30/9/2017</b>	<b>30/9/2016</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flows from operating activities</b>		
Loss after income tax	(476)	(390)
<b>Adjustments for :</b>		
Depreciation of property, plant and equipment	245	246
Gain on sale of property, plant and equipment	–	(6)
Finance income	(84)	(93)
Finance cost	37	8
Share of loss of joint venture	–	16
Tax credit	(49)	(80)
	<u>(327)</u>	<u>(299)</u>
Changes in operating assets and liabilities:		
Trade and other receivables	1,943	1,517
Trade and other payables	(399)	(458)
Inventories	(952)	1,015
<b>Net cash from operations</b>	<u>265</u>	<u>1,775</u>
Income tax refund	25	–
<b>Net cash from operating activities</b>	<u>290</u>	<u>1,775</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of property, plant and equipment	–	6
Acquisition of property, plant and equipment	(27)	(9)
Proceeds from redemption of debt securities	2,000	–
Interest received	84	98
<b>Net cash generated from investing activities</b>	<u>2,057</u>	<u>95</u>
<b>Cash flows from financing activities</b>		
Interest paid	(1)	(8)
Repayment of borrowings	(449)	(172)
Proceeds from borrowings	–	871
<b>Net cash (used in)/from financing activities</b>	<u>(450)</u>	<u>691</u>
<b>Net increase in cash and cash equivalents</b>	1,897	2,561
Cash and cash equivalents at beginning of the period	29,737	26,003
Effect of exchange rate fluctuations	6	(1)
<b>Cash and cash equivalents at end of financial period</b>	<u><u>31,640</u></u>	<u><u>28,563</u></u>
<b>Cash and cash equivalents comprise:</b>		
Cash and bank balances	12,640	14,563
Short-term bank deposits	19,000	14,000
	<u><u>31,640</u></u>	<u><u>28,563</u></u>

- 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
<b>Balance as at 1 July 2017</b>	<b>45,750</b>	<b>2,916</b>	<b>80</b>	<b>35,726</b>	<b>84,472</b>
Total comprehensive income for the quarter ended 30 September 2017	–	–	6	(476)	(470)
<b>Balance as at 30 September 2017</b>	<b>45,750</b>	<b>2,916</b>	<b>86</b>	<b>35,250</b>	<b>84,002</b>
<b>Balance as at 1 July 2016</b>	<b>45,750</b>	<b>2,916</b>	<b>84</b>	<b>37,110</b>	<b>85,860</b>
Total comprehensive income for the quarter ended 30 September 2016	–	–	(1)	(390)	(391)
<b>Balance as at 30 September 2016</b>	<b>45,750</b>	<b>2,916</b>	<b>83</b>	<b>36,720</b>	<b>85,469</b>

**Statement of Changes in Equity for the Company**

	Share capital S\$'000	Revaluation reserve S\$'000	Retained earnings S\$'000	Total S\$'000
<b>Balance as at 1 July 2017</b>	<b>45,750</b>	<b>2,916</b>	<b>36,193</b>	<b>84,859</b>
Total comprehensive income for the quarter ended 30 September 2017	–	–	(418)	(418)
<b>Balance as at 30 September 2017</b>	<b>45,750</b>	<b>2,916</b>	<b>35,775</b>	<b>84,441</b>
<b>Balance as at 1 July 2016</b>	<b>45,750</b>	<b>2,916</b>	<b>37,889</b>	<b>86,555</b>
Total comprehensive income for the quarter ended 30 September 2016	–	–	(342)	(342)
<b>Balance as at 30 September 2016</b>	<b>45,750</b>	<b>2,916</b>	<b>37,547</b>	<b>86,213</b>

**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 30 September 2017 and 30 September 2016.

**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 30/09/2017	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, 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 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

	<u>Group</u>	
	First quarter ended	
	30/09/2017	30/09/2016
Earnings per share (cents)		
(a) based on weighted average number of shares in issue	(0.21)	(0.18)
(b) on a fully diluted basis	(0.21)	(0.18)
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>	
	30/09/2017	30/06/2017	30/09/2017	30/06/2017
Net asset value per share based on issued share capital (cents)	37.8	38.1	38.0	38.2
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 2017

The Group's revenue declined 6% to \$7.29 million for the first quarter ended 30 September 2017 ("1Q2018") as market demand continued to remain weak compared with \$7.78 million recorded in the corresponding quarter ended 30 September 2016 ("1Q2017") of the preceding year.

Gross profit amount for the quarter was higher at \$1.90 million (1Q2017: \$1.66 million) despite lower revenue. This was partly due to lower material costs, lower allowance for inventory impairment as well as an improvement in the selling price of the products.

Other operating income was lower at \$8,000 (1Q2017: \$126,000) mainly because there was a foreign exchange gain recorded in the first quarter of the preceding year. On the other hand, other operating expenses were \$205,000 (1Q2017: \$nil) due to foreign exchange loss incurred in 1Q2018.

Finance income for 1Q2018 was lower at \$84,000 (1Q2017: \$93,000) largely due to falling interest rates on short-term bank deposits and lower interest income on reduced portfolio of bond securities.



Finance cost was higher at \$37,000 (1Q2017: \$8,000) mainly due to unamortised costs for certain bond securities being expensed off in the quarter upon redemption by the bond issuers before maturity.

The above collectively resulted in a pre-tax loss of \$525,000 (1Q2017: \$470,000) as well as a net loss of \$476,000 (1Q2017: \$390,000) for the quarter.

### **Statements of Financial Position and Cash Flows**

Trade and other receivables decreased to \$8.29 million compared with \$10.23 million a quarter ago largely due to declining sales.

Trade and other payables decreased to \$2.37 million (30 June 2017: \$2.77 million) mainly due to timing of payment to suppliers for materials purchased.

Other financial assets were lower at \$1.00 million (30 June 2017: \$3.04 million) because certain bond securities were redeemed during the quarter by the bond issuers before maturity. Proceeds from the redemption of the bond securities largely accounted for the increase in net cash from investing activities to \$2.06 million (1Q2017: \$95,000).

Net cash generated from operating activities decreased to \$290,000 (1Q2017: \$1.78 million) largely attributed to an increase in inventory materials purchased.

Net cash used in financing activities was \$450,000 versus the positive of \$691,000 from financing activities mainly because there were short-term bank borrowings for a subsidiary in 1Q2017 but none in 1Q2018, whereas the quantum of repayment of borrowings in 1Q2018 was higher than in 1Q2017.

The above collectively contributed to an increase in cash and cash equivalents for the quarter.

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.*

Oil price seems to be showing signs of recovery recently but business activity in the oil and gas sector has not improved and thus demand for our products is expected to remain weak for now amid a soft market.

As usual, we will manage our costs and conserve cash.

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 2017.

**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.

**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 first quarter ended 30 September 2017 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 November 2017