

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 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					
	Second quarter ended		Increase/ (Decrease)	Half year ended		Increase/ (Decrease)
	31/12/2017	31/12/2016		31/12/2017	31/12/2016	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	7,893	8,037	(2)	15,184	15,814	(4)
Cost of sales	(5,884)	(6,156)	(4)	(11,277)	(12,276)	(8)
Gross profit	2,009	1,881	7	3,907	3,538	10
Other operating income	29	343	(92)	28	469	(94)
Distribution costs	(1,306)	(1,447)	(10)	(2,741)	(2,909)	(6)
Administrative expenses	(801)	(839)	(5)	(1,639)	(1,699)	(4)
Other operating expenses	(22)	–	NM	(218)	–	NM
Results from operating activities	(91)	(62)	47	(663)	(601)	10
Finance income	79	85	(7)	163	178	(8)
Finance cost	(2)	(41)	(95)	(39)	(49)	(20)
Share of loss of joint venture	–	(50)	NM	–	(66)	NM
Loss before tax	(14)	(68)	(79)	(539)	(538)	–
Tax (expense)/credit	(65)	26	NM	(16)	106	NM
Net loss for the period	(79)	(42)	88	(555)	(432)	28
Earnings per share						
Basic (cents)	(0.04)	(0.02)		(0.25)	(0.19)	
Diluted (cents)	(0.04)	(0.02)		(0.25)	(0.19)	

NM: Not meaningful

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

	Group					
	Second quarter ended		Increase/ (Decrease)	Half year ended		Increase/ (Decrease)
	31/12/2017	31/12/2016		31/12/2017	31/12/2016	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Net loss for the period	(79)	(42)	88	(555)	(432)	28
Other comprehensive income:						
Foreign currency translation difference arising from consolidation	(7)	10	NM	(1)	9	NM
Total comprehensive income for the period	(86)	(32)	169	(556)	(423)	31
Attributable to:						
Equity holders of the Company	(86)	(32)	169	(556)	(423)	31
Total comprehensive income for the period	(86)	(32)	169	(556)	(423)	31

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

	Group			
	Second quarter ended		Half year ended	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	S\$'000	S\$'000	S\$'000	S\$'000
Depreciation of property, plant and equipment	(243)	(262)	(488)	(508)
Foreign exchange (loss)/gain	(13)	289	(218)	380
Finance income	79	85	163	178
Recovery of allowance for doubtful debts, trade	–	15	–	15
Allowance for inventory impairment, net	(193)	(48)	(230)	(156)

(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	
	31/12/2017	30/06/2017	31/12/2017	30/06/2017
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	7,054	7,499	6,776	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	290	303	209	217
	8,346	9,840	14,703	16,141
Current assets				
Inventories	38,485	36,865	27,226	27,253
Trade and other receivables	9,446	10,233	15,403	15,839
Other financial assets	–	1,000	–	1,000
Current tax recoverables	–	15	–	17
Cash and cash equivalents	30,275	29,737	27,958	26,929
	78,206	77,850	70,587	71,038
Total assets	86,552	87,690	85,290	87,179
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	79	80	–	–
Retained earnings	34,727	35,726	35,390	36,193
Total equity	83,472	84,472	84,056	84,859
Current liabilities				
Trade and other payables	2,470	2,769	1,226	2,320
Borrowings	597	449	–	–
Current tax liabilities	13	–	8	–
	3,080	3,218	1,234	2,320
Total liabilities	3,080	3,218	1,234	2,320
Total equity and liabilities	86,552	87,690	85,290	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 31 December 2017</u>		<u>As at 30 June 2017</u>	
Secured	Unsecured	Secured	Unsecured
-	597	-	449

Amount repayable after one year (\$'000)

<u>As at 31 December 2017</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

	Second quarter ended		Half year ended	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Loss for the period	(79)	(42)	(555)	(432)
Adjustments for :				
Depreciation of property, plant and equipment	243	262	488	508
Gain on disposal of property, plant and equipment	-	-	-	(6)
Finance income	(79)	(85)	(163)	(178)
Finance cost	2	41	39	49
Share of loss of joint venture	-	50	-	66
Tax expense/(credit)	65	(26)	16	(106)
	152	200	(175)	(99)
Changes in operating assets and liabilities:				
Trade and other receivables	(1,156)	189	787	1,706
Trade and other payables	100	654	(299)	196
Inventories	(668)	(80)	(1,620)	935
Net cash (used in)/from operations	(1,572)	963	(1,307)	2,738
Income tax (paid)/refund	-	(32)	25	(32)
Net cash (used in)/from operating activities	(1,572)	931	(1,282)	2,706
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment	-	-	-	6
Acquisition of property, plant and equipment	(16)	(305)	(43)	(314)
Proceeds from redemption of debt securities	-	1,000	2,000	1,000
Interest received	79	85	163	183
Net cash from investing activities	63	780	2,120	875
Cash flows from financing activities				
Interest paid	(2)	(4)	(3)	(12)
Proceeds from borrowings	597	-	597	871
Repayment of borrowings	-	(871)	(449)	(1,043)
Dividend paid	(444)	(1,110)	(444)	(1,110)
Net cash from/(used in) financing activities	151	(1,985)	(299)	(1,294)
Net (decrease)/increase in cash and cash equivalents	(1,358)	(274)	539	2,287
Cash and cash equivalents at beginning of the period	31,640	28,563	29,737	26,003
Effect of exchange rate fluctuations	(7)	10	(1)	9
Cash and cash equivalents at end of the period	30,275	28,299	30,275	28,299
Cash and cash equivalents comprise:				
Cash and bank balances	10,275	14,299	10,275	14,299
Short-term bank deposits	20,000	14,000	20,000	14,000
	30,275	28,299	30,275	28,299

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 quarter ended 30 September 2017	-	-	6	(476)	(470)
Balance as at 30 September 2017	45,750	2,916	86	35,250	84,002
Total comprehensive income for the quarter ended 31 December 2017	-	-	(7)	(79)	(86)
Dividend paid	-	-	-	(444)	(444)
Balance as at 31 December 2017	45,750	2,916	79	34,727	83,472
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

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 quarter ended 30 September 2017	-	-	(418)	(418)
Balance as at 30 September 2017	45,750	2,916	35,775	84,441
Total comprehensive income for the quarter ended 31 December 2017	-	-	59	59
Dividend paid	-	-	(444)	(444)
Balance as at 31 December 2017	45,750	2,916	35,390	84,056
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

- 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 December 2017 and 31 December 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 31/12/2017	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, 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	
	Second quarter ended		Half year ended	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Earnings per share (cents)				
(a) based on weighted average number of shares in issue	(0.04)	(0.02)	(0.25)	(0.19)
(b) on a fully diluted basis	(0.04)	(0.02)	(0.25)	(0.19)
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	
	31/12/2017	30/06/2017	31/12/2017	30/06/2017
Net asset value per share based on issued share capital (cents)	37.6	38.1	37.9	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 second quarter ended 31 December 2017 ("2Q2018")

The Group posted a revenue of \$7.89 million for the second quarter ended 31 December 2017 – slightly lower than the revenue of \$8.04 million recorded in 2Q2017, the corresponding quarter of the preceding financial year.

Gross profit amount for 2Q2018 rose 7% to \$2.01 million (2Q2017: \$1.88 million) mainly attributed to improved selling prices as well as lower cost of materials purchased in earlier periods, notwithstanding a marginal drop in revenue and an increased provision for inventory impairment associated with certain slow-moving inventories.

For 2Q2018, other operating income dropped to \$29,000 (2Q2017: \$343,000) whereas other operating expenses were \$22,000 (2Q2017: \$nil) mainly because there was a small foreign exchange loss of \$13,000 in 2Q2018 as against a large foreign exchange gain of \$289,000 garnered in 2Q2017.

Finance income for 2Q2018 was lower at \$79,000 (2Q2017: \$85,000) largely due to the interest rate differentials between a reduced portfolio of bond securities and increased fixed deposits.

Finance cost dropped to \$2,000 in 2Q2018 (2Q2017: \$41,000) mainly because there was redemption of bond securities which necessitated the associated unamortised costs to be expensed off in 2Q2017, whereas there was no similar redemption of bond securities in 2Q2018.

Distribution costs and administrative expenses were lower mainly due to lower staff costs.

Tax expense of \$65,000 arose in 2Q2018 mainly due to a decrease in deferred tax asset of the Company.

The above resulted in a net loss of \$79,000 (2Q2017: \$42,000) for the quarter.

Consolidated Income Statement For the half year ended 31 December 2017 (“1H2018”)

The Group closed the half year ended 31 December 2017 with a revenue of \$15.18 million - 4% lower than the \$15.81 million posted in 1H2017, the corresponding period of the preceding financial year. The market remained subdued, sales revenue hovering around \$8.00 million each quarter throughout 1H2018.

Gross profit amount for 1H2018 was 10% higher at \$3.91 million (1H2017: \$3.54 million) supported by improved selling prices and lower costs of materials which were purchased in earlier periods.

Finance income for 1H2018 was lower at \$163,000 (1H2017: \$178,000) mainly due to differentials in interest rates between the reduced portfolio of bond securities and short-term bank deposits.

Finance cost for 1H2018 was lower at \$39,000 (1H2017: \$49,000) mainly because there was smaller quantum of unamortised costs being expensed off in 1H2018 relating to the redemption of certain bond securities.

The above collectively resulted in a net loss of \$555,000 (1H2017: \$432,000) for the current half year.

Financial Position and Cash Flows

Expenditure on plant and equipment for 2Q2018 decreased to \$16,000 (2Q2017: \$305,000) mainly because the upgrading and implementation of the new ERP system were completed in 2Q2017. For this similar reason, expenditure on plant and equipment decreased to \$43,000 (1H2017: \$314,000) during the current half year.

Trade and other payables decreased 11% to \$2.47 million (30 June 2017: \$2.77 million) as liabilities were paid down when they fell due. Inventories had increased to \$38.49 million since the start of the current financial year as the Group continued to replenish fast-moving inventories. Advance payments to suppliers were higher as of 31 December 2017 compared with similar payments a quarter ago. These mainly accounted for the net cash used in operations of \$1.57 million (negative) for 2Q2018 as against positive cash generated from operations of \$963,000 in 2Q2017. These similar factors also led to negative cash used in operations in 1H2018.

Other financial assets were lower at \$1.00 million (30 June 2017: \$3.04 million) as certain bond securities were redeemed by the bond issuers during the period. There was no redemption in 2Q2018 compared with a redemption of \$1.00 million in 2Q2017. For the half year ended 31 December 2017, the redemption amounted to \$2.00 million (1H2017: \$1.00 million).

Net cash from investing activities for 2Q2018 was lower at \$63,000 (2Q2017: \$780,000) mainly because there were proceeds of \$1.00 million from the redemption of bond securities in 2Q2017 but none in 2Q2018. On the other hand, net cash from investing activities for 1H2018 was higher at \$2.12 million (1H2017: \$875,000) mainly due to the larger redemption quantum of bond securities during the current half year.

Net cash from financing activities in 2Q2018 was \$151,000 as opposed to net cash of \$1.99 million used in financing activities in 2Q2017. The disparity was mainly due to lower dividend paid (in respect of the preceding financial year) of \$444,000 (2Q2017: \$1.11 million), as well as short-term borrowings of \$597,000 (2Q2017: \$nil) whereas repayment of borrowings was \$nil (2Q2017: \$871,000). These factors also contributed to lower net cash used in financing activities in 1H2018 amounting to \$299,000 (1H2017: \$1.29 million).

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 prices have risen somewhat recently. This has resulted in a slight pickup in business activities in the oil and gas industry which might result in an increase in the demand for our products in the new calendar 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 31 December 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 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 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
9 February 2018