

# SIN GHEE HUAT CORPORATION LTD

Company Registration No:197700475Z  
Incorporated in Singapore



## UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FOURTH QUARTER AND FULL YEAR ENDED 30 JUNE 2019

### 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					
	Fourth quarter ended		Increase/ (Decrease)	Full year ended		Increase/ (Decrease)
	30/06/2019	30/06/2018		30/06/2019	30/06/2018	
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Revenue	11,063	11,367	(3)	49,856	37,687	32
Cost of sales	(7,886)	(8,401)	(6)	(37,793)	(29,052)	30
<b>Gross profit</b>	<b>3,177</b>	<b>2,966</b>	7	<b>12,063</b>	<b>8,635</b>	40
Other operating income	174	270	(36)	158	214	(26)
Distribution costs	(1,481)	(1,256)	18	(5,844)	(5,341)	9
Administrative expenses	(897)	(669)	34	(3,433)	(3,122)	10
Impairment loss on trade and other receivables	(76)	(163)	(53)	(237)	(163)	45
Other operating expenses	(5)	(1)	400	(14)	(271)	(95)
<b>Results from operating activities</b>	<b>892</b>	<b>1,147</b>	(22)	<b>2,693</b>	<b>(48)</b>	NM
Finance income	52	79	(34)	246	320	(23)
Finance cost	(3)	(6)	(50)	(38)	(48)	(21)
Share of loss of joint venture	–	(26)	NM	–	(26)	NM
<b>Profit before tax</b>	<b>941</b>	<b>1,194</b>	(21)	<b>2,901</b>	<b>198</b>	>500
Tax expense	(95)	(151)	(37)	(506)	(166)	205
<b>Net profit for the period</b>	<b>846</b>	<b>1,043</b>	(19)	<b>2,395</b>	<b>32</b>	>500
<b>Earnings per share</b>						
Basic (cents)	0.38	0.47		1.08	0.01	
Diluted (cents)	0.38	0.47		1.08	0.01	

NM: Not meaningful

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

	<b>Group</b>					
	<b>Fourth quarter ended</b>		<b>Increase/ (Decrease)</b>	<b>Full year ended</b>		<b>Increase/ (Decrease)</b>
	<b>30/06/2019</b>	<b>30/06/2018</b>	<b>(Decrease)</b>	<b>30/06/2019</b>	<b>30/06/2018</b>	<b>(Decrease)</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
<b>Net profit for the period</b>	<b>846</b>	<b>1,043</b>	(19)	<b>2,395</b>	<b>32</b>	>500
<b>Other comprehensive income:</b>						
Foreign currency translation difference arising from consolidation	(14)	6	-	(57)	20	NM
<b>Total comprehensive income for the period</b>	<b>832</b>	<b>1,049</b>	(23)	<b>2,338</b>	<b>52</b>	>500
<b>Attributable to:</b>						
Equity holders of the Company	832	1,049	(23)	2,338	52	>500
<b>Total comprehensive income for the period</b>	<b>832</b>	<b>1,049</b>	(23)	<b>2,338</b>	<b>52</b>	>500

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

	<b>Group</b>			
	<b>Fourth quarter ended</b>		<b>Full year ended</b>	
	<b>30/06/2019</b>	<b>30/06/2018</b>	<b>30/06/2019</b>	<b>30/06/2018</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Depreciation of property, plant and equipment	(185)	(444)	(886)	(1,168)
Foreign exchange gain/(loss), net	146	138	8	(271)
Loss on disposal of property, plant and equipment	(4)	-	(14)	-
Reversal/(Allowance) for inventory impairment, net	503	90	225	(1,211)
Allowance for doubtful debts, trade	(76)	(163)	(237)	(163)
Recovery of bad and doubtful debts, trade	15	35	73	35
(Under)/Over provision for prior year tax	(1)	30	(1)	30

(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		
	30/6/2019	30/6/2018	1/7/2017	30/6/2019	30/6/2018	1/7/2017
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
		Restated	Restated		Restated	Restated
<b>Non-current assets</b>						
Property, plant and equipment	8,663	6,546	7,651	8,538	6,322	7,322
Investment in subsidiaries	–	–	–	6,524	6,276	6,666
Investment in joint venture	–	–	–	50	50	50
Trade and other receivables	1,334	–	–	7,491	–	–
Other financial assets	–	1,001	2,038	–	1,001	2,038
Deferred tax assets	329	302	303	244	233	217
	10,326	7,849	9,992	22,847	13,882	16,293
<b>Current assets</b>						
Inventories	49,883	41,019	36,865	37,074	28,560	27,253
Trade and other receivables	14,408	14,399	10,233	15,721	19,845	15,839
Other financial assets	1,001	–	1,000	1,001	–	1,000
Current tax recoverables	–	–	15	–	–	17
Cash and cash equivalents	15,101	26,274	29,737	13,521	24,508	26,929
	80,393	81,692	77,850	67,317	72,913	71,038
<b>Total assets</b>	90,719	89,541	87,842	90,164	86,795	87,331
<b>Equity attributable to equity holders of the Company</b>						
Share capital	45,750	45,750	45,750	45,750	45,750	45,750
Reserves	(37)	20	–	–	–	–
Retained earnings	39,991	38,462	38,874	40,141	38,712	39,261
<b>Total equity</b>	85,704	84,232	84,624	85,891	84,462	85,011
<b>Current liabilities</b>						
Trade and other payables	4,483	3,130	2,769	3,751	2,159	2,320
Borrowings	–	2,004	449	–	–	–
Current tax liabilities	532	175	–	522	174	–
	5,015	5,309	3,218	4,273	2,333	2,320
<b>Total liabilities</b>	5,015	5,309	3,218	4,273	2,333	2,320
<b>Total equity and liabilities</b>	90,719	89,541	87,842	90,164	86,795	87,331

**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 June 2019</u>		<u>As at 30 June 2018</u>	
Secured	Unsecured	Secured	Unsecured
-	-	-	2,004

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

<u>As at 30 June 2019</u>		<u>As at 30 June 2018</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

	<b>Group</b>			
	<b>Fourth ended</b>		<b>Full year ended</b>	
	<b>30/06/2019</b>	<b>30/06/2018</b>	<b>30/06/2019</b>	<b>30/06/2018</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flows from operating activities</b>				
Profit for the period	846	1,043	2,395	32
<b>Adjustments for :</b>				
Depreciation of property, plant and equipment	185	444	886	1,168
Loss on disposal of property, plant and equipment	4	-	14	-
Finance income	(52)	(79)	(246)	(320)
Finance cost	3	6	38	48
Share of loss of joint venture	-	26	-	26
Tax expense	95	151	506	166
	<b>1,081</b>	<b>1,591</b>	<b>3,593</b>	<b>1,120</b>
<b>Changes in operating assets and liabilities:</b>				
Trade and other receivables	(39)	(1,815)	(1,543)	(4,166)
Trade and other payables	1,016	390	1,353	335
Inventories	(1,815)	(3,658)	(8,864)	(4,154)
<b>Net cash from/(used in) operations</b>	<b>243</b>	<b>(3,492)</b>	<b>(5,461)</b>	<b>(6,865)</b>
Income tax (paid)/refund	(24)	-	(176)	25
<b>Net cash from/(used in) operating activities</b>	<b>219</b>	<b>(3,492)</b>	<b>(5,637)</b>	<b>(6,840)</b>
<b>Cash flows from investing activities</b>				
Acquisition of property, plant and equipment	(1,288)	(12)	(3,020)	(63)
Proceed from sales of property, plant and equipment	-	-	3	-
Proceeds from redemption of debt securities	-	-	-	2,000
Interest received	52	79	246	320
<b>Net cash (used in)/from investing activities</b>	<b>(1,236)</b>	<b>67</b>	<b>(2,771)</b>	<b>2,257</b>
<b>Cash flows from financing activities</b>				
Interest paid	(4)	(6)	(38)	(11)
Proceeds from borrowings	-	2,004	1,556	2,820
Repayment of borrowings	(424)	(219)	(3,560)	(1,265)
Dividend paid	-	-	(666)	(444)
<b>Net cash (used in)/from financing activities</b>	<b>(428)</b>	<b>1,779</b>	<b>(2,708)</b>	<b>1,100</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,445)</b>	<b>(1,646)</b>	<b>(11,116)</b>	<b>(3,483)</b>
Cash and cash equivalents at beginning of the period	16,560	27,914	26,274	29,737
Effect of exchange rate fluctuations	(14)	6	(57)	20
<b>Cash and cash equivalents at end of the period</b>	<b>15,101</b>	<b>26,274</b>	<b>15,101</b>	<b>26,274</b>
<b>Cash and cash equivalents comprise:</b>				
Cash and bank balances	8,101	9,274	8,101	9,274
Short-term bank deposits	7,000	17,000	7,000	17,000
	<b>15,101</b>	<b>26,274</b>	<b>15,101</b>	<b>26,274</b>

- 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 at 1 July 2018 (as previously reported)</b>	<b>45,750</b>	<b>2,916</b>	<b>100</b>	<b>35,314</b>	<b>84,080</b>
Effect on adoption of SFRS(I) 1	–	(2,916)	(80)	3,148	152
Adjustment on initial application of SFRS(I) 9 (net of tax)	–	–	–	(200)	(200)
<b>Balance as at 1 July 2018 (restated)</b>	<b>45,750</b>	<b>–</b>	<b>20</b>	<b>38,262</b>	<b>84,032</b>
Total comprehensive income for the nine months ended 31 March 2019	–	–	(43)	1,569	1,526
Dividend paid	–	–	–	(666)	(666)
<b>Balance as at 31 March 2019</b>	<b>45,750</b>	<b>–</b>	<b>(23)</b>	<b>39,165</b>	<b>84,892</b>
Total comprehensive income for the quarter ended 30 June 2019	–	–	(14)	826	812
<b>Balance as at 30 June 2019</b>	<b>45,750</b>	<b>–</b>	<b>(37)</b>	<b>39,991</b>	<b>85,704</b>
<b>Balance as at 1 July 2017 (as previously reported)</b>	<b>45,750</b>	<b>2,916</b>	<b>80</b>	<b>35,726</b>	<b>84,472</b>
Effect on adoption of SFRS(I) 1	–	(2,916)	(80)	3,148	152
<b>Balance as at 1 July 2017 (restated)</b>	<b>45,750</b>	<b>–</b>	<b>–</b>	<b>38,874</b>	<b>84,624</b>
Total comprehensive income for the nine months ended 31 March 2018	–	–	14	(1,011)	(997)
Dividend paid	–	–	–	(444)	(444)
<b>Balance as at 31 March 2018 (restated)</b>	<b>45,750</b>	<b>–</b>	<b>14</b>	<b>37,419</b>	<b>83,183</b>
Total comprehensive income for the quarter ended 30 June 2018	–	–	6	1,043	1,049
<b>Balance as at 30 June 2018 (restated)</b>	<b>45,750</b>	<b>–</b>	<b>20</b>	<b>38,462</b>	<b>84,232</b>

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

	Share capital	Revaluation reserve	Retained earnings	Total
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Balance as at 1 July 2018 (as previously reported)</b>	<b>45,750</b>	2,916	<b>35,644</b>	<b>84,310</b>
Effect on adoption of SFRS(I) 1	–	(2,916)	3,068	152
Effect on application of SFRS(I) 9, net of tax	–	–	(200)	(200)
<b>Balance as at 1 July 2018 (restated)</b>	<b>45,750</b>	–	<b>38,512</b>	<b>84,262</b>
Total comprehensive income for the nine months ended 31 March 2019	–	–	1,648	1,648
Dividend paid	–	–	(666)	(666)
<b>Balance as at 31 March 2019</b>	<b>45,750</b>	–	<b>39,494</b>	<b>85,244</b>
Total comprehensive income for the quarter ended 30 June 2019	–	–	647	647
<b>Balance as at 30 June 2019</b>	<b>45,750</b>	–	<b>40,141</b>	<b>85,891</b>
<b>Balance as at 1 July 2017 (as previously reported)</b>	<b>45,750</b>	<b>2,916</b>	<b>36,193</b>	<b>84,859</b>
Effect on adoption of SFRS(I) 1	–	(2,916)	3,068	152
<b>Balance as at 1 July 2017 (restated)</b>	<b>45,750</b>	–	<b>39,261</b>	<b>85,011</b>
Total comprehensive income for the nine months ended 31 March 2018	–	–	(587)	(587)
Dividend paid	–	–	(444)	(444)
<b>Balance as at 31 March 2018 (restated)</b>	<b>45,750</b>	–	<b>38,230</b>	<b>83,980</b>
Total comprehensive income for the quarter ended 30 June 2018	–	–	482	482
<b>Balance as at 30 June 2018 (restated)</b>	<b>45,750</b>	–	<b>38,712</b>	<b>84,462</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 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 30 June 2019 and 30 June 2018.

**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 30/06/2019	As at 30/06/2018
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.*

Except as disclosed in paragraph 5 below, the accounting policies and methods of computation adopted in the financial statements for the financial period reported on are consistent with those in the most recently audited financial statements for the financial year ended 30 June 2018.

**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.*

The Group has adopted the Singapore Financial Reporting Standards (International) ("SFRS(I)") with effect from 1 July 2018. In adopting the new framework, the Group is required to apply SFRS(I) on a retrospective basis and the specific transition requirements in SFRS(I) 1 set out below:

- (a) The Group has elected the exemption to reset the foreign currency translation reserve (FCTR) to \$nil on 1 July 2017 and reclassified the cumulative FCTR of \$80,000 as at 1 July 2017 to retained earnings.
- (b) The Group has elected the exemption to measure the freehold premises at the date of transition to SFRS(I) at fair value and use that fair value as its deemed cost in its SFRS(I) financial statements. Accordingly, the carrying amount of freehold premises and retained earnings of the Group and the Company as at 1 July 2017 increased by \$152,000.
- (c) The balance of the revaluation reserve of \$2,916,000 as at 30 June 2017 relating to the revaluation of the freehold premises was reclassified to retained earnings of the Group and the Company on transition to SFRS(I) at 1 July 2017.
- (d) The Group has applied the exemption in SFRS(I) 1 allowing it not to restate comparative information for the financial year ending 30 June 2019 SFRS(I) financial statements. Differences in the carrying amount of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 are recognised in retained earnings as at 1 July 2018.

The Group has elected to apply the simplified approach and recorded lifetime expected credit loss (ECL) under SFRS(I) 9. Upon application of the ECL model, the impairment for trade and other receivables of \$200,000, net of tax, was recognised through the retained earnings of the Group and the Company as at 1 July 2018.



The impact (in \$'000) of the adoption of SFRS(I) on the affected statement of financial position line items is summarised as follows:

Group	30 June 2018			1 July 2018	
	FRS Framework	Effect of adoption of SFRS(I) 1	SFRS(I) Framework	SFRS(I) 9	SFRS(I) Framework
<b>Current assets</b>					
Trade and other receivables	14,399	–	14,399	(200)	14,199
<b>Non-current assets</b>					
Property, plant and equipment	6,394	152	6,546	–	6,546
<b>Equity</b>					
Revaluation reserve	2,916	(2,916)	–	–	–
Foreign currency translation reserve	100	(80)	20	–	20
Retained earnings	35,314	3,148	38,462	(200)	38,262

	1 July 2017		
	FRS Framework	Effect of adoption of SFRS(I)	SFRS(I) Framework
<b>Non-current assets</b>			
Property, plant and equipment	7,499	152	7,651
<b>Equity</b>			
Revaluation reserve	2,916	(2,916)	–
Foreign currency translation reserve	80	(80)	–
Retained earnings	35,726	3,148	38,874

Company	30 June 2018			1 July 2018	
	FRS Framework	Effect of adoption of SFRS(I) 1	SFRS(I) Framework	SFRS(I) 9	SFRS(I) Framework
<b>Current assets</b>					
Trade and other receivables	19,845	–	19,845	(200)	19,645
<b>Non-current assets</b>					
Property, plant and equipment	6,170	152	6,322	–	6,322
<b>Equity</b>					
Revaluation reserve	2,916	(2,916)	–	–	–
Retained earnings	35,644	3,068	38,712	(200)	38,512

	1 July 2017		
	FRS Framework	Effect of adoption of SFRS(I) 1	SFRS(I) Framework
<b>Non-current assets</b>			
Property, plant and equipment	7,170	152	7,322
<b>Equity</b>			
Revaluation reserve	2,916	(2,916)	–
Retained earnings	36,193	3,068	39,261

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	
	Fourth quarter ended		Full year ended	
	30/06/2019	30/06/2018	30/06/2019	30/06/2018
Earnings per share (cents)				
(a) based on weighted average number of shares in issue	0.38	0.47	1.08	0.01
(b) on a fully diluted basis	0.38	0.47	1.08	0.01
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	
	30/06/2019	30/06/2018 Restated	30/06/2019	30/06/2018 Restated
Net asset value per share based on issued share capital (cents)	38.6	37.9	38.7	38.0
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 fourth quarter ended 30 June 2019

Sales revenue for the fourth quarter ended 30 June 2019 ("4Q2019") was \$11.06 million, marginally lower than \$11.37 million recorded in 4Q2018, the corresponding quarter of the preceding financial year.

A write-back of inventory provision of \$503,000 (4Q2018: \$90,000) was recorded as the provisions made previously was no longer necessary in light of increased product demand. This partly contributed to increased gross profit of \$3.18 million (4Q2018: \$2.97 million) for the quarter.

Distribution costs and administrative expenses collectively for 4Q2019 were higher at \$2.38 million (4Q2018: \$1.93 million) mainly due to increased manpower costs and rental expenses for temporary warehouse during the period of redevelopment of the Gul Crescent warehouse.

Other operating income for 4Q2019 was lower at \$174,000 (4Q2018: \$270,000) mainly due to lower recovery of bad debts and lower scrap sales. Impairment loss on trade and other receivables for 4Q2019 was lower at \$76,000 (4Q2018: \$163,000) as the provision was adequate. Finance income for 4Q2019 was lower at \$52,000 (4Q2018: \$79,000) largely due to reduced short-term bank deposits.

Net profit for 4Q2019 was lower at \$846,000 (4Q2018: \$1.04 million) resulting from above.

### **Consolidated Income Statement For the full year ended 30 June 2019**

Revenue for the year ended 30 June 2019 rose 32% to \$49.86 million from \$37.69 million posted in FY2018, the preceding financial year ended 30 June 2018. The higher revenue was attributed to improved market conditions and hence increased demand for the products. The cost of sales increased in tandem with the increase in revenue.

Gross profit was higher at \$12.06 million (FY2018: \$8.64 million) mainly due to increased revenue and a write-back of inventory impairment provision in FY2019 as opposed to a provision of \$1.21 million recorded in FY2018.

The increase in revenue spread across all the industries in which the Group's customers operate. The bulk of the increase in revenue was attributed to the overseas markets.

Distribution costs and administrative expenses collectively for FY2019 were higher at \$9.28 million (FY2018: \$8.46 million) mainly due to increased business activities, increased manpower costs and rental expenses for temporary warehouse during the period of redevelopment of the Gul Crescent warehouse.

Other operating income was lower at \$158,000 (FY2018: \$214,000) mainly due to lower subsidies and lower scrap sales. Impairment loss on trade and other receivables was higher at \$237,000 (FY2018: \$163,000), mainly due to additional provision arising from the adoption of SFRS(I) 9. Other operating expenses were lower at \$14,000 (FY2018: \$271,000) due to foreign exchange loss of \$271,000 recorded in FY2018 whereas FY2019 recorded a foreign exchange gain of \$8,000.

Depreciation was lower at \$886,000 (FY2018: \$1.17 million) mainly due to a one-off accelerated depreciation on an existing warehouse building recorded in FY2018 in view of the redevelopment of the warehouse which is now underway.

Finance income was lower at \$246,000 (FY2018: \$320,000) mainly due to reduced short-term bank deposits. Finance cost was lower at \$38,000 (FY2018: \$48,000) due to lower amortisation on bond securities.

Tax expense was higher at \$506,000 (FY2018: \$166,000) as the pre-tax profit for FY2019 increased substantially. The above collectively resulted in a net profit of \$2.40 million (FY2018: \$32,000) for the year.

### **Financial Position and Cash Flows**

Expenditure on property, plant and equipment for 4Q2019 increased to \$1.29 million (4Q2018: \$12,000) due to the redevelopment of the warehouse now in progress at Gul Crescent, Singapore. For the same reason, the expenditure on property, plant and equipment for FY2019 increased to \$3.02 million (FY2018: \$63,000).

Trade and other receivables were higher as of 30 June 2019 at \$15.74 million (30 June 2018: \$14.40 million) mainly due to higher sales in the current year.

Inventories increased to \$49.88 million (30 June 2018: \$41.02 million) largely due to increased replenishments of inventories in view of increased market demand. Trade and other payables were higher at \$4.48 million (30 June 2018: \$3.13 million) mainly due to increased inventory purchases. There were no outstanding borrowings at 30 June 2019 as the borrowings, including the \$2.00 million at 30 June 2018, were fully repaid during the year.

These resulted in net cash from operations of \$243,000 in 4Q2019 as opposed to cash used in operations of \$3.49 million in 4Q2018. Similarly, net cash used in operations for FY2019 were \$5.46 million (FY2018: \$6.87 million).

Net cash used in investing activities in 4Q2019 of \$1.24 million (4Q2018: positive net cash of \$67,000) was mainly for expenditure on the redevelopment of the warehouse facility referred to in the first paragraph of this section. Similarly, net cash used in investing activities in FY2019 of \$2.77 million was due to the redevelopment expenditure as opposed to a positive net cash from investing activities of \$2.26 million in FY2018 mainly because of the proceeds from redemption of debt securities.

Net cash of \$428,000 was used in financing activities in 4Q2019 whereas there was net cash from financing activities of \$1.78 million mainly due to proceeds from short-term borrowings. For FY2019, net cash used in financing activities was higher at \$2.71 million (FY2018: positive net cash of \$1.10 million) mainly due to higher repayment of borrowings (on net basis) during the year.

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

The Group's performance for 4Q2019 was in line with the Statement in Paragraph 10 of the Company's previous results announcement dated 15 May 2019.

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 and demand for our products remains stable despite continued trade tensions between US and China and oil price volatility. We believe that this trend will continue.

11. *Dividend*

*(a) Current Financial Period Reported On*

*Any dividend declared for the current financial period reported on? Yes*

The Directors recommend a Final tax-exempt dividend of 0.6 cents per share based on 222,000,000 shares in issue as at 30 June 2019 for shareholders' approval at the forthcoming Annual General Meeting of the Company.

Name of dividend	Final
Dividend type	Cash
Dividend amount per share	0.6 cents
Tax rate	One-tier tax exempt

*(b) Corresponding Period of the Immediately Preceding Financial Year*

*Any dividend declared for the corresponding period of the immediately preceding financial year? Yes*

Name of dividend	Final
Dividend type	Cash
Dividend amount per share	0.3 cents
Tax rate	One-tier tax exempt

*(c) Date payable:* To be advised at a later date

*(d) Books closure date:* To be advised at a later date

*(e) The date on which Registrable Transfers received by the company will be registered before entitlements to the dividend are determined:* To be advised at a later date

12. *If no dividend has been declared (recommended), a statement to that effect.*

Not applicable

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 a shareholders' mandate for interested person transactions. There were no interested person transactions of S\$100,000 or more for the year under review.

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.

## PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

15. *Revenue and Results by Business Segments*

The Group has essentially one business or operating segment, which is the trading and sales of stainless steel products, as the risks and returns of the products are substantially similar. These products comprise mainly bars, plates, pipes, tubes, flanges and fittings which are stainless steel materials of varying grades and specifications for use in the respective industries to which the Group sells its products. The Group's resource allocation is market-oriented with focus on the respective industries.

### Financial year ended 30 June 2019

	Marine and shipbuilding	Oil & gas and petrochemical	Engineering and construction	Trading and others	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	5,511	9,024	19,025	16,296	49,856
Gross profit	1,497	2,648	2,740	5,178	12,063
Unallocated costs					(9,566)
					2,497
Other operating income and finance income					404
Share of loss of joint venture					–
Profit before tax					2,901
Tax expense					(506)
Net profit for the year					2,395
Assets:					
Trade receivables	1,755	2,749	4,788	4,535	13,827
Others – unallocated					76,892
					90,719
Liabilities – unallocated					5,015
Capital expenditure - unallocated					3,020
Depreciation of property, plant and equipment – unallocated					886

**Financial year ended 30 June 2018**

	Marine and shipbuilding S\$'000	Oil & gas and petrochemical S\$'000	Engineering and construction S\$'000	Trading and others S\$'000	Total S\$'000
Revenue	3,834	7,149	12,403	14,301	37,687
Gross profit	842	1,571	1,963	4,259	8,635
Unallocated costs					(8,945)
Other operating income and finance income					(310)
Share of loss of joint venture					534
Profit before tax					(26)
Tax expense					198
Net profit for the year					(166)
					32
Assets:					
Trade receivables	1,296	2,136	4,717	4,232	12,381
Others - unallocated					77,160
					89,541
Liabilities - unallocated					5,309
Capital expenditure - unallocated					63
Depreciation of property, plant and equipment - unallocated					1,168

Information on income, expenses, assets and liabilities, other than as identified and allocated to the respective segments, is not provided by segment as it is neither meaningful nor practicable to allocate these items by segment.

**Revenue by Geographical Segments**

Distribution of revenue based on the geographical location of customers:

	<b>FY2019</b> <b>S\$'000</b>	<b>FY2018</b> <b>S\$'000</b>
Singapore	23,159	20,099
Indonesia	9,377	6,494
China	5,529	2,562
Other ASEAN countries	7,921	5,767
Others	3,870	2,765
	<u>49,856</u>	<u>37,687</u>

16. *In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments:*

Please refer to paragraph 8.

**17. Breakdown of Revenue**

	<b>FY2019</b>	<b>FY2018</b>	<b>Increase</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
(a) Revenue reported for first half year	26,703	15,184	76
(b) Profit/(loss) after tax reported for first half year	1,190	(555)	NA
(c) Revenue reported for second half year	23,153	22,503	3
(d) Profit after tax reported for second half year	1,205	587	105

**18. Breakdown of Total Annual Dividend (in dollar value) for the issuer's latest full year and its previous full year.**

	<b>FY2019</b>	<b>FY2018</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Final dividend (one-tier tax exempt)	1,332	666

**19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

As at the date of this Announcement, there is no person occupying a managerial position in the Company or any of its subsidiaries who is a relative of a director or chief executive officer or substantial Shareholder of the Company.

BY ORDER OF THE BOARD

Kua Ghim Siong  
Chief Executive Officer  
27 August 2019