Financial Statements and Related Announcement::Second Quarter and/ or Half Yearly Results

Issuer & Securities

Issuer/ Manager	TECKWAH INDUSTRIAL CORPORATION LTD
Securities	TECKWAH INDUSTRIAL CORP LTD - SG0561000464 - 561
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Announcement Details

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Additional Details

For Financial Period Ended	30/06/2018

Attachments	TICL_2Q_FY2018_Final.pdf Total size =221K

Listed companies must provide the information required by Appendix 7.2 of the Listing Manual. Adequate disclosure should be given to explain any material extraordinary item either as a footnote of the material extraordinary item or in the "Review of the performance of the group".

teckwah **TECKWAH INDUSTRIAL CORPORATION LTD**

Second Quarter and Six Months Ended 30 June 2018
Financial Statement and Dividend Announcement

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year

	Income statement	Group			Group		
		S$'000		%	S$'000		%
		Q2 FY2018		incr/	6 months ended 30 Jun		incr/
		2018	2017 (Restated)	(decr)	2018	2017 (Restated)	(decr)
a	Revenue	42,160	43,822	(3.8)	84,426	87,372	(3.4)
b	Investment income	-	-	-	-	-	-
c	Other income including interest income :-	411	385	6.8	692	767	(9.8)
	(i) Gain on sale of plant & equipment included in other income	111	114	(2.6)	111	114	(2.6)
	(ii) Interest income	65	35	85.7	134	73	83.6
	(iii) Other income	235	236	(0.4)	447	580	(22.9)
d	Changes in inventories of FG & WIP	326	(411)	(179.3)	183	(1,326)	(113.8)
	(i) (Allowance for) write-back of inventories	(13)	(6)	116.7	(19)	(2)	850.0
e	Raw materials and consumables used :-	(11,357)	(10,040)	13.1	(22,348)	(20,520)	8.9
	(i) Write-back of (allowance for) inventories	35	(3)	n.m	45	10	350.0
f	Staff costs	(11,077)	(11,089)	(0.1)	(22,219)	(21,873)	1.6
g	Depreciation, amortisation and impairment expenses	(2,518)	(2,323)	8.4	(4,981)	(4,609)	8.1
h	Interest on borrowings	(74)	(113)	(34.5)	(104)	(238)	(56.3)
i	Other operating expenses :-	(13,869)	(14,818)	(6.4)	(28,660)	(29,641)	(3.3)
	(i) Foreign exchange gain (loss)	631	(6)	n.m	423	(574)	(173.7)
	(ii) Allowance for doubtful debts	-	-	-	-	-	-
	(ii) Bad debts written off	-	-	-	-	-	-
j	Exceptional items	-	-	-	-	-	-
k	Operating profit before income tax, non-controlling interests and extraordinary items but after interest on borrowings, depreciation and amortisation, foreign exchange loss and exceptional items	4,002	5,413	(26.1)	6,989	9,932	(29.6)

Income statement (continued)

		Group S$'000 Q2 FY2018 2018	Group S$'000 Q2 FY2018 2017 (Restated)	% incr/ (decr)	Group S$'000 6 months ended 30 Jun 2018	Group S$'000 6 months ended 30 Jun 2017 (Restated)	% incr/ (decr)
l	Loss from associated companies	-	-	-	-	-	-
m	Profit (loss) from joint venture	42	73	(42.5)	40	141	(71.6)
n	Operating profit before income tax	4,044	5,486	(26.3)	7,029	10,073	(30.2)
o	Less income tax :-	(853)	(1,031)	(17.3)	(1,490)	(2,133)	(30.1)
	(i) Adjustment for over provision of tax in respect of prior periods.	(1)	35	(102.9)	9	35	(74.3)
p	Profit for the period	3,191	4,455	(28.4)	5,539	7,940	(30.2)
	Attributable to :-						
q	Owners of the company	2,763	3,958	(30.2)	4,747	7,000	(32.2)
r	Non-controlling interests	428	497	(13.9)	792	940	(15.7)

Statement of Comprehensive Income

	Group S$'000 Q2 FY2018 2018	Group S$'000 Q2 FY2018 2017 (Restated)	% incr/ (decr)	Group S$'000 6 months ended 30 Jun 2018	Group S$'000 6 months ended 30 Jun 2017 (Restated)	% incr/ (decr)
Profit for the period	3,191	4,455	(28.4)	5,539	7,940	(30.2)
Other comprehensive income :-						
Items that will not be reclassified subsequently to profit or loss :-						
(i) Remeasurement of defined benefit obligation	-	-	-	-	-	-
Items that may be reclassified subsequently to profit or loss :-						
(i) Foreign currency translation	(207)	(119)	73.9	525	(1,338)	(139.2)
Other comprehensive income for the period	(207)	(119)	73.9	525	(1,338)	(139.2)
Total comprehensive income for the period	2,984	4,336	(31.2)	6,064	6,602	(8.1)
The comprehensive income attributable to :-						
Owners of the Company	2,604	3,840	(32.2)	5,138	6,337	(18.9)
Non-controlling Interests	380	496	(23.4)	926	265	249.4

1(b)(i) A statement of financial position (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	
	Actual	Previous	Actual	Previous
	30-Jun-18	31-Dec-17	30-Jun-18	31-Dec-17
	$'000	$'000	$'000	$'000
ASSETS				
Current assets:				
Cash and cash equivalents	29,430	27,710	767	760
Trade and other receivables	48,323	50,501	7,559	10,221
Inventories	13,727	13,859	-	-
Total current assets	91,480	92,070	8,326	10,981
Non-current assets:				
Other assets	2,309	1,209	-	-
Joint venture	4,121	4,465	4,216	4,216
Subsidiaries	-	-	19,797	19,797
Property, plant and equipment	74,942	77,002	35,240	36,817
Investment properties	4,278	4,286	2,330	2,375
Land use rights	6,572	6,710	6,155	6,288
Intangible assets	5	10	5	10
Goodwill	6,691	6,691	-	-
Deferred tax assets	300	306	-	-
Total non-current assets	99,218	100,679	67,743	69,503
Total assets	190,698	192,749	76,069	80,484
LIABILITIES AND EQUITY				
Current liabilities:				
Trade and other payables	22,561	29,239	8,726	9,077
Bank loans	293	233	-	-
Finance leases	1,073	578	19	19
Income tax payable	2,525	2,673	390	688
Total current liabilities	26,452	32,723	9,135	9,784
Non-current liabilities:				
Finance leases	3,786	355	61	71
Deferred tax liabilities	2,688	2,693	1,040	1,040
Post employment benefits	483	463	-	-
Total non-current liabilities	6,957	3,511	1,101	1,111
Capital, reserves and non-controlling interests:				
Share capital	23,852	23,852	23,852	23,852
Statutory surplus reserve	2,951	2,927	-	-
Retained earnings	126,909	126,857	41,981	45,737
Currency translation reserve	(577)	(968)	-	-
Equity attributable to owners of the company	153,135	152,668	65,833	69,589
Non-controlling interests	4,154	3,847	-	-
Total equity	157,289	156,515	65,833	69,589
Total liabilities and equity	190,698	192,749	76,069	80,484

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:-

(a) the amount repayable in one year or less, or on demand

As at 30/6/18		As at 31/12/17	
Secured	Unsecured	Secured	Unsecured
$'000	$'000	$'000	$'000
1,073	293	578	233

(b) the amount repayable after one year

As at 30/6/18		As at 31/12/17	
Secured	Unsecured	Secured	Unsecured
$'000	$'000	$'000	$'000
3,786	-	355	-

Details of any collateral

The finance lease liabilities are secured by the assets under finance leases.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

Statement of cash flows

	Group		Group	
	3 months ended 30 Jun		6 months ended 30 Jun	
	2018	2017	2018	2017
	S$'000	S$'000	S$'000	S$'000
Cash flow from operating activities:				
Profit before tax	4,044	5,486	7,029	10,073
Adjustments for :				
(Write-back) Write-down of inventories	(22)	9	(26)	(8)
Depreciation and amortisation expense	2,518	2,323	4,981	4,609
Gain on disposal of property, plant and equipment	(111)	(114)	(111)	(110)
Share of profit from joint venture	(42)	(73)	(40)	(141)
Post employment benefits	(1)	-	(10)	-
Interest income	(65)	(35)	(134)	(73)
Finance costs	74	113	104	238
Operating cash flows before movements in working capital	**6,395**	**7,709**	**11,793**	**14,588**
Trade and other receivables and other assets	(910)	(1,509)	1,078	(2,355)
Inventories	106	985	158	6,276
Trade and other payables	(1,702)	(1,434)	(6,678)	(11,824)
Cash generated from operations	**3,889**	**5,751**	**6,351**	**6,685**
Interest paid	(74)	(113)	(104)	(238)
Income tax paid	(1,030)	(1,385)	(1,637)	(2,589)
Net cash from operating activities	**2,785**	**4,253**	**4,610**	**3,858**
Cash flow from investing activities:				
Interest received	65	35	134	73
Dividends received from joint venture	500	-	500	-
Proceeds from disposal of property, plant and equipment	135	121	135	125
Purchase of property, plant and equipment	(867)	(1,557)	(2,298)	(1,935)
Net cash used in investing activities	**(167)**	**(1,401)**	**(1,529)**	**(1,737)**
Cash flows from financing activities:				
Dividends paid	(4,671)	(3,503)	(4,671)	(3,503)
Dividends paid to non-controlling interests	(619)	-	(619)	(497)
Repayment of bank loans	(352)	(1,250)	(626)	(2,527)
Proceeds from bank loans	386	223	679	223
Repayment of obligations under finance leases	(296)	(234)	(563)	(471)
Proceeds from finance leases	4,403	-	4,403	-
Net cash used in financing activities	**(1,149)**	**(4,764)**	**(1,397)**	**(6,775)**
Net increase (decrease) in cash and cash equivalents	1,469	(1,912)	1,684	(4,654)
Cash and cash equivalents at beginning of period	28,056	39,028	27,710	42,362
Effect of foreign exchange rate changes	(95)	(272)	36	(864)
Cash and cash equivalents at end of period	29,430	36,844	29,430	36,844

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

Statement of changes in equity

GROUP	Share capital S$'000	Statutory surplus reserve S$'000	Retained earnings S$'000	Currency translation reserve S$'000	Attributable to owners of the company S$'000	Non-controlling interests S$'000	Total S$'000
Balance at 1 April 2017	**23,852**	**2,701**	**123,568**	**(439)**	**149,682**	**2,185**	**151,867**
Total comprehensive income for the period							
Profit for the period, net of tax	-	-	3,958	-	3,958	497	4,455
Other comprehensive income for the period	-	-	-	(118)	(118)	(1)	(119)
Total	**-**	**-**	**3,958**	**(118)**	**3,840**	**496**	**4,336**
Transactions with owners, recognised directly in equity							
Appropriations	**-**	**19**	**(19)**	**-**	**-**	**-**	**-**
Dividends paid	-	-	(3,503)	-	(3,503)	-	(3,503)
Total	**-**	**19**	**(3,522)**	**-**	**(3,503)**	**-**	**(3,503)**
Others							
Dividends declared to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance at 30 Jun 2017	**23,852**	**2,720**	**124,004**	**(557)**	**150,019**	**2,681**	**152,700**
Balance at 1 Apr 2018	**23,852**	**2,927**	**128,841**	**(418)**	**155,202**	**4,393**	**159,595**
Total comprehensive income for the period							
Profit for the period, net of tax	**-**	**-**	2,763	-	2,763	428	3,191
Other comprehensive income for the period	-	-	-	(159)	(159)	(48)	(207)
Total	**-**	**-**	**2,763**	**(159)**	**2,604**	**380**	**2,984**
Transactions with owners, recognised directly in equity							
Appropriations	**-**	24	(24)	**-**	**-**	**-**	**-**
Dividends paid	-	-	(4,671)	-	(4,671)	-	(4,671)
Total	**-**	**24**	**(4,695)**	**-**	**(4,671)**	**-**	**(4,671)**
Others							
Dividends declared to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**(619)**	**(619)**
Total	**-**	**-**	**-**	**-**	**-**	**(619)**	**(619)**
Balance at 30 Jun 2018	**23,852**	**2,951**	**126,909**	**(577)**	**153,135**	**4,154**	**157,289**

COMPANY	Share capital S$'000	Statutory surplus reserve S$'000	Retained earnings S$'000	Currency translation reserve S$'000	Attributable to owners of the company S$'000	Non-controlling interests S$'000	Total S$'000
Balance at 1 April 2017	**23,852**	**-**	**45,703**	**-**	**69,555**	**-**	**69,555**
Profit for the period, net of tax, representing total comprehensive income for the period	-	-	92	-	92	-	92
Dividends paid, representing transactions with owners recognised directly in equity	-	-	(3,503)	-	(3,503)	-	(3,503)
Balance at 30 Jun 2017	**23,852**	**-**	**42,292**	**-**	**66,144**	**-**	**66,144**
Balance at 1 Apr 2018	**23,852**	**-**	**45,908**	**-**	**69,760**	**-**	**69,760**
Profit for the period, net of tax, representing total comprehensive income for the period	-	-	744	-	744	-	744
Dividends paid, representing transactions with owners recognised directly in equity	-	-	(4,671)	-	(4,671)	-	(4,671)
Balance at 30 Jun 2018	**23,852**	**-**	**41,981**	**-**	**65,833**	**-**	**65,833**

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.

Not applicable.

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.

	Number of Issued Shares		
	30/6/2018		31/12/2017
Balance as at 1 January	233,550,248		233,550,248
Issue of shares	-		-
Balance as at	233,550,248		233,550,248

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 reported on.

There are no treasury shares as at the end of current period.

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 reported on.

There are no subsidiary holdings.

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 company's 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 Note 5 below, the Group has applied the same accounting policies and method of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 31 December 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

On January 2018, the Group adopted the new financial reporting framework – Singapore Financial Reporting Standards (International) (SFRS(I)) which is identical to the International Financial Reporting Standards (IFRS). SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* will be applied in the first set of SFRS(I) financial statements.

The Group has performed an assessment of the transition options and other requirements of SFRS(I) and has determined that there are no changes to the Group's current accounting policies under the financial reporting Standards in Singapore or material adjustment on the initial transition of the new framework.

In addition, the Group has adopted SFRS(I) 15 Revenue from Contracts with Customers, which is effective for financial periods beginning January 1, 2018. SFRS(I) 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers.

The core principle of SFRS(I) 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specially, the Standard introduces a 5-step approach to revenue recognition:

Under SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in SFRS(I) 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by SFRS(I) 15.

The application of SFRS(I) 15 has change the Group's accounting relating to revenue recognition for certain revenue streams.

The effect to the Group's financial statements after the adoption of SFRS(I) 15 are as follows:

Income statement for the second quarter and six months ended 30 June 2017			
	As previously stated	Restatement	As Restated
	S$'000	S$'000	S$'000
		Q2 FY2017	
Revenue	44,920	(1,098)	43,822
Raw materials and consumables used	11,138	(1,098)	10,040
		6 months ended 30 Jun 2017	
Revenue	89,556	(2,184)	87,372
Raw materials and consumables used	22,704	(2,184)	20,520

Except for SFRS(I) 15 as disclosed above, the adoption of the new SFRS(I)s, amendments and interpretations of SFRS(I)s which took effect in the current financial year, there were no other changes in accounting policies and methods of computation adopted in the financial statements for the current reporting period as compared to the most recent audited financial statements.

Notwithstanding the adoption of the new SFRS(I), interim financial information may be subject to change until all standards effective on 31 December 2018 are known and incorporated.

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: -

	3 months ended		6 months ended	
	Jun'18	**Jun'17**	**Jun'18**	**Jun'17**
Earnings per Ordinary Share for the period based on net profit attributable to shareholders :-				
i) Based on the weighted average number of ordinary shares on issue (cents)	1.18	1.69	2.03	3.00
ii) On a fully diluted basis (cents)	1.18	1.69	2.03	3.00

Note

a. The earnings per ordinary share ("EPS") for the period ended June 30, 2018 has been calculated on weighted average number of ordinary shares in issue of 233,550,248 (2017 : 233,550,248) ordinary shares.

b. Fully diluted EPS for the period ended June 30, 2018 is calculated on 233,550,248 (2017 : Diluted EPS is calculated at 233,550,248) ordinary shares.

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

	GROUP		COMPANY	
	Jun'18	Dec'17	Jun'18	Dec'17
Net asset value per ordinary share based on issued share capital at the end of the period	65.57 cts	65.37 cts	28.19 cts	29.80 cts

Note: The net asset value per ordinary share for the period ended June 30, 2018 have been calculated based on the issued share capital of 233,550,248 shares (2017 : 233,550,248)

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 or liabilities of the group during the current financial period reported on

Since 2003, the Group's businesses have been reported in two main segments, namely the Print and Non-Print segments. The Print segment consists of packaging design, manufacturing of paper products, turnkey kitting & co-packing, digital solutions & database management, and provision of supply chain management services. As for the Non-Print segment, it includes third party logistics, reverse logistics and mission critical parts logistics management.

As part of the Group's continued pursuit on strategic focus areas, the Group has decided to present its segment information for second quarter and six months ended 30 June 2018 as Packaging Printing Segment and Logistics Segment. The Group will reclassify entities which provide print fulfilment services with no printing facilities into the Logistics segment.

The Packaging Printing segment will thus consist of packaging design, manufacturing of paper products, turnkey kitting & co-packing, digital solutions & database management, and the provision of value chain management services.

The Logistic segment will consist of third party logistics, reverse logistics, service parts logistics, after-market management services and print fulfilment services with no printing facilities.

The re-classified segmental results are provided as follows:

Income Statement

2Q FY 2018 vs 2Q FY 2017

For the second quarter ended 30 June 2018, the Group achieved total revenue of $42.2 million, 3.8% lower than the $43.8 million achieved in the same period last year.

The Packaging Printing-related business accounted for 52.3% of the Group's revenue and the Logistics business contributed the remaining 47.7%. In terms of geographical perspective, the Singapore operations continued to be the main contributor and it accounted for 56.3% of the Group's revenue. The China operations remained as the second largest contributor, accounting for 30.1% of the Group's revenue.

For the Packaging Printing-related business, revenue decreased by 3.8% from $22.9 million to $22.1 million whilst revenue for the Logistics business decreased by 3.8% from $20.6 million to $19.9 million. The decrease in the Packaging Printing segment revenue was mainly due to decrease in demand from some existing customers in China. For the Logistics business, the decrease was mainly due to decrease in demand from some existing customers in Singapore.

The Group's operating profit before tax for the second quarter ended 30 June 2018 decreased by 26.3% from $5.5 million to $4.0 million for the same period in the previous year. This was mainly due to reduction in revenue and higher cost of operations.

1H FY 2018 vs 1H FY 2017

For the half year ended 30 June 2018, the Group achieved total revenue of $84.4 million, 3.4% lower than the $87.4 million achieved in the same period last year.

The Packaging Printing-related business accounted for 52.0% of the Group's revenue and the Logistics business contributed the remaining 48.0%. In terms of geographical perspective, the Singapore operations continued to be the main contributor and it accounted for 56.9% of the Group's revenue. The China operations remained as the second largest contributor, accounting for 29.3% of the Group's revenue.

For the Packaging Printing-related business, revenue decreased by 4.9% from $46.2 million to $43.9 million whilst revenue for the Logistics business decreased by 1.7% from $40.7 million to $40.0 million. The decrease in the Packaging Printing segment revenue was mainly due to decrease in demand from some existing customers in China. For the Logistics business, the decrease was mainly due to decrease in demand from some existing customers in Singapore.

The Group's operating profit before tax for the first half ended 30 June 2018 decreased by 30.2% from $10.1 million to $7.0 million for the same period in the previous year. This was mainly due to reduction in revenue and higher cost of operations.

For the Packaging Printing business, operating profit before tax (after allocation of corporate services performance) decreased by 71.0% from $3.0 million to $0.9 million mainly due to reduction in revenue and higher costs of operations.

For the Logistics business, operating profit before tax (after allocation of corporate services performance) decreased by 13.2% from $7.1 million to $6.2 million. The decrease in operating profit was mainly due to decrease in revenue attributable to lower demand from some existing customers.

The Group's other income for the half year ended 30 June 2018 decreased by 9.8% from $0.8 million to $0.7 million. This was mainly due to the decrease in government grant in Singapore.

The Group's depreciation and amortisation expenses increased by 8.1% from $4.6 million to $5.0 million as a result of the Group's increased investments in property, plant and equipment in Singapore, China and Indonesia.

Statement of Financial Position

Total assets decreased 1.1% from $192.7 million as at 31 December 2017 to $190.7 million as at 30 June 2018.

Current assets decreased 0.6% from $92.1 million as at 31 December 2017 to $91.5 million as at 30 June 2018. The decrease was mainly due to lower trade and other receivables and lower inventories level offset by the increase in cash and cash equivalents.

Cash and cash equivalents increased by 6.2% to $29.4 million as of 30 June 2018 as compared to $27.7 million as at 31 December 2017. This was mainly due to new finance leases taken up as at 30 June 2018.

Trade and other receivables decreased by 4.3% from $50.5 million in the previous year to $48.3 million as at 30 June 2018, mainly due to subsequent collection in the current financial year as well as lower sales in the half year ended 30 June 2018.

Inventories decreased 1.0% from $13.9 million to $13.7 million over the same corresponding period, due to better inventory management.

Non-current assets decreased 1.5% from $100.7 million as at 31 December 2017 to $99.2 million as at 30 June 2018. This was primarily due to the decrease in property, plant and equipment, land use rights and joint venture offset by the increase in other assets.

Property, plant and equipment decreased $2.1 million (or 2.7%) from $77.0 million as at 31 December 2017 to $74.9 million as at 30 June 2018. Land use rights decrease $0.1 million (or 2.1%) from $6.7 million as at 31 December 2017 to $6.6 million as at 30 June 2018. This was mainly due to depreciation and amortisation charges for the current financial period.

Joint venture in Malaysia decreased $0.3 million (or 7.7%) from $4.5 million as at 31 December 2017 to $4.1 million as at 30 June 2018. The increase was mainly due to distribution of dividends from joint venture of $0.5 million.

Other assets increased $1.1 million (or 91.0%) from $1.2 million as at 31 December 2017 to $2.3 million as at 30 June 2018. The increase was mainly due to down payment for plant and equipment in Singapore and China.

Total liabilities decreased 7.8% from $36.2 million as at 31 December 2017 to $33.4 million as at 30 June 2018. Current liabilities decreased 19.2% from $32.7 million to $26.5 million mainly due to the payment of trade and other payables. The decrease in current liabilities is offset by the increase in non-current liabilities. Non-current liabilities increased 98.1% from $3.5 million to $7.0 million mainly due to increase in finance leases.

Statement of Cash Flows

For the half year ended 30 June 2018, the Group generated positive cash flow of $6.4 million from operations after working capital changes. It was $6.7 million for the same period in the previous year. This decrease was mainly attributed to the absence of the paying down of trade and other payables from the completion of the one-time warehouse storage and distribution project.

During this period, the Group continued to invest $2.3 million in plant and equipment. These include additional plant and equipment in Singapore and for subsidiaries in China and Indonesia.

The Group's net cash flow from financing activities registered a lower negative cash flow of $1.4 million compared to a negative cash flow of $6.8 million for the same period in the previous year. This was mainly due to proceeds from finance leases offset by higher dividends paid.

The Group's debt to equity ratio has correspondingly increased from 0.8% as at 31 December 2017 to 3.4% as at 30 June 2018.

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

The results are in line with the commentary previously stated in Paragraph 10 of the announcement for the financial year ended 31 December 2017.

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

The general economic growth is expected to slow down in the second half of this year. The recent tariff measures from the US have led to retaliatory measures from its key trading partners. There is a risk of this escalating into a trade war which could adversely impact global trade flows and global growth. Meanwhile, the competition in the region continues to create downward price pressure and rising operating costs. Management will monitor developments in the market closely and take appropriate steps to remain competitive, widen its revenue sources and manage its cost structure.

11. Dividend

(a) Current Financial Period Reported On
Any dividend declared for the current financial period reported on?

Name of dividend	:	Interim
Dividend Type	:	Cash
Dividend amount per share (in cents)	:	0.5 cent
Tax rate	:	Tax exempt (one-tier)
Date paid	:	Refer to para 11(c)

(b) Corresponding Period of the Immediately Preceding Financial Year
Any dividend declared for the corresponding period of the immediately preceding financial year?

Name of dividend	:	Interim
Dividend Type	:	Cash
Dividend amount per share (in cents)	:	0.5 cent
Tax rate	:	Tax exempt (one-tier)
Date paid	:	8 September 2017

(c) Date payable

To be announced later.

(d) Books closure date

To be announced later.

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 company did not obtain a general mandate from shareholders for IPTs.

14. Negative confirmation pursuant to Rule 705(5). (Not required for announcement on full year results)

The Board of Directors do hereby confirm that to the best of their knowledge, nothing has come to their attention which may render the un-audited results of the Group, for the six months ending June 30, 2018, to be false or misleading.

15. 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 has procured undertakings from all its directors and executive officers.

BY ORDER OF THE BOARD
Thomas Chua Kee Seng
Chairman & Managing Director
August 13, 2018
Singapore