

GRP LIMITED



Company No.197701449C

**Half Year Financial Statement And Dividend Announcement for the Financial Period
ended 31 December 2017**

GRP LIMITED

Half Year Financial Statements Announcement for the period ended 31/12/2017

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

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

	GROUP		
	\$'000		% Increase/ (decrease)
	6 months ended 31/12/2017	6 months ended 31/12/2016	
Revenue	17,776	13,661	30.1
Cost of sales	(15,658)	(10,502)	49.1
Gross profit	2,118	3,159	(33.0)
Other income	314	192	63.5
Finance expenses	(136)	(180)	(24.4)
Selling and Distribution expenses	(203)	(174)	16.7
Administrative expenses	(3,166)	(5,945)	(46.7)
Other expenses	-	(282)	(100.0)
Loss before income tax expenses	(1,073)	(3,230)	(66.8)
Income tax write back/(expense)	66	452	(85.4)
Loss for the period	(1,007)	(2,778)	(63.8)
Other comprehensive income, net of tax:			
Items that may be reclassified subsequently to profit or loss			
- Fair value gain on available-for-sale investment	309	-	100.0
- Exchange differences arising on translation of foreign operations	689	1,289	(46.5)
Other comprehensive income for the period, net of tax:	998	1,289	(22.6)
Total comprehensive loss for the period	(9)	(1,489)	(99.4)
Loss attributable to:			
Owners of the company	(1,143)	(2,882)	(60.3)
Non-controlling interest	136	104	30.8
	(1,007)	(2,778)	(63.8)
Total comprehensive loss attributable to:			
Owners of the company	(145)	(1,593)	(90.9)
Non-controlling interest	136	104	30.8
	(9)	(1,489)	(99.4)

Notes to the Statement of Comprehensive Income
Other disclosure items included in the above statement

	GROUP	
	\$'000	
	6 months ended 31/12/2017	6 months ended 31/12/2016
Depreciation and amortisation	(116)	(332)
Provision of impairment loss on available-for-sale investment	-	(140)
Allowance for inventories	(164)	(159)
Write off/(Write back) of allowance for doubtful trade receivables	(1)	16
Write back of doubtful non-trade receivables	82	71
Impairment loss on properties held for sale	-	(118)
Impairment loss on development properties	-	(331)
Interest expenses	(115)	(107)
Gain on disposal of property, plant and equipment	165	117
Gain on disposal of available-for-sale investment	289	33
Expenses relating to ayondo acquisition	-	(1,264)
Tax writeback/(expenses)		
- current period	43	(288)
- Adjustment for overprovision of tax in respect of prior years	23	740
Foreign exchange gain/(loss)	2	(142)
Interest income	214	82
Rental and services income	62	83
Other income	38	27

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

	GROUP		COMPANY	
	\$'000		\$'000	
	31/12/2017	30/06/2017	31/12/2017	30/06/2017
ASSETS				
Current assets				
Cash and bank balances	41,754	40,666	7,477	12,070
Trade receivables	3,477	4,177	21	-
Other receivables & prepayments	2,593	1,304	1,258	181
Available-for-sale investment	595	428	595	428
Amount due from subsidiaries	-	-	58,199	56,755
Inventories	4,186	4,367	-	-
Properties held for sale	21,172	31,250	-	-
Development properties	24,324	24,197	-	-
Total current assets	98,101	106,389	67,550	69,434
Non-current assets				
Other receivables	5,892	5,827	-	-
Investment in redeemable convertible preference shares	2,500	-	2,500	-
Investment in subsidiaries	-	-	7,051	7,051
Deferred tax assets	174	148	-	-
Intangible asset	25	25	25	25
Property, plant and equipment	1,131	1,138	198	225
Total non-current assets	9,722	7,138	9,774	7,301
Total assets	107,823	113,527	77,324	76,735
LIABILITIES AND EQUITY				
Current liabilities				
Bank loan	4,260	8,236	-	-
Trade payables	1,250	1,245	445	452
Provision for reinstatement obligation	450	450	450	450
Other payables	4,968	5,778	845	1,093
Income tax payable	7,575	7,770	49	49
Total current liabilities	18,503	23,479	1,789	2,044
Non-current liabilities				
Deferred tax liabilities	8,450	9,323	-	-
Total non-current liabilities	8,450	9,323	-	-
Capital and reserves				
Share capital	72,502	72,502	72,502	72,502
Asset revaluation reserve	3,720	3,411	3,370	3,061
Statutory reserve	119	97	-	-
Currency translation reserve	(3,971)	(4,660)	-	-
Accumulated profits	2,530	3,695	(337)	(872)
Equity attributable to owners of the company	74,900	75,045	75,535	74,691
Non-controlling interests	5,970	5,680	-	-
Total equity	80,870	80,725	75,535	74,691
Total liabilities and equity	107,823	113,527	77,324	76,735

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

Group			
As at 31/12/2017 S\$'000		As at 30/6/2017 S\$'000	
Secured	Unsecured	Secured	Unsecured
4,260	-	8,236	-

Amount repayable after one year

Group			
As at 31/12/2017 S\$'000		As at 30/6/2017 S\$'000	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

Land Loan

The Group has a land loan facility ("Facility") of \$4,128,000 obtained for property development project in Singapore. Deadline for the Facility was extended to 31 May 2018. As at 31 December 2017, the Group has an outstanding land loan of \$3,360,000.

The Facility is secured and guaranteed by the following:

- First legal mortgage over the acquired property in Singapore and the proposed development to be erected thereon;
- Fixed deposit of \$778,000 pledged with the bank;
- Existing legal assignment of all rights, title and interests in the construction contract, insurance policies, performance bonds (if any), tenancy agreements and sales and purchase agreements in respect of the proposed development;
- A corporate guarantee for \$4,128,000 by Starland Holdings Limited, an indirect subsidiary.

Money Market Loan

The Group has a Money Market Loan ("MML") of \$1,800,000 from United Overseas Bank for general working capital purposes. The Group has an outstanding balance of \$900,000 as at 31 December 2017.

The MML is secured and guaranteed by the following:

- Standby Letter of Credit for not less than RMB10,000,000 (approximately \$2,053,000) issued by United Overseas Bank (China) Limited, Chengdu Branch;
- A corporate guarantee of \$1,800,000 by Starland Holdings Limited, an indirect subsidiary; and
- Fixed deposits of RMB10,839,000 (approximately \$2,225,000) pledged with the Bank.

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

	The Group	
	\$'000	
	6 months ended 31/12/2017	6 months ended 31/12/2016
Operating activities:		
(Loss)/Profit before income tax	(1,073)	(3,230)
Adjustments for:		
Depreciation and amortisation	116	332
Provision of Impairment loss on available-for-sale investment	-	140
Allowance for inventories	164	159
Allowance / (Write back of allowance) for doubtful trade receivables	1	(16)
Write back of doubtful non-trade receivables	(82)	(71)
Impairment loss on properties held for sale	-	118
Impairment loss on development properties	-	331
(Gain) Loss on disposal of property, plant and equipment	(165)	(117)
Gain on disposal of available-for-sale investment	(289)	(33)
Interest income	(214)	(82)
Interest expenses	115	107
Operating cash flows before movements in working capital	(1,427)	(2,362)
Trade receivables	699	457
Other receivables & prepayments	(112)	229
Inventories	11	33
Properties held for sale	10,078	4,913
Development properties	(173)	185
Trade payables	5	(281)
Other payables	(811)	(399)
Cash generated/(used in) operating activities	8,270	2,775
Income taxes paid	(1,105)	(576)
Net cash generated from operating activities	7,165	2,199
Investing activities:		
Proceeds from disposal of available-for-sale investment	431	111
Proceeds from disposal of property, plant and equipment	185	118
Purchase of property, plant and equipment	(83)	(88)
Other receivables	-	(186)
Investment in redeemable convertible preference shares	(2,500)	-
Short term loan issued	(1,161)	-
Interest received	214	82
Net cash (used in)/from investing activities	(2,914)	37
Financing activities:		
Net proceeds from issue of shares	-	13,256
Interest paid	(115)	(107)
Decrease / (Increase) in bank deposits pledged	5,081	(5,446)
Proceeds from drawdown of bank loans	-	2,794
Repayment of bank loans	(3,952)	(2,016)
Contribution by non-controlling interest	154	-
Net cash from financing activities	1,168	8,481
Net increase in cash and cash equivalents	5,419	10,717
Cash and cash equivalents at beginning of period	32,567	21,864
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	750	137
Cash and cash equivalents at end of period	38,736	32,718

Note 1 - Cash and cash equivalents is derived from:

	The Group	
	\$'000	
	At 31/12/2017	At 31/12/2016
Cash and bank balances	41,754	40,984
Less: Pledged cash placed with bank	3,018	8,266
	38,736	32,718

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

Group	Share capital	Asset revaluation reserve	Statutory reserve	Currency translation reserve	Accumulated profits	Attributable to equity holders of the company	Non-controlling interest	Total \$'000
	\$'000							
Latest Period								
Balance at 01/07/2017	72,502	3,411	97	(4,660)	3,695	75,045	5,680	80,725
<i>Total comprehensive income for the period</i>								
- Profit/(loss) for the period	-	-	-	-	(1,143)	(1,143)	136	(1,007)
- Other comprehensive income/(loss) for the period	-	309	22	689	(22)	998	-	998
<i>Transactions with owners, recognised directly in equity</i>								
- Acquisition of subsidiary	-	-	-	-	-	-	154	154
Balance at 31/12/2017	72,502	3,720	119	(3,971)	2,530	74,900	5,970	80,870
Previous Corresponding Period								
Balance at 01/07/2016	59,250	3,411	52	(4,567)	18,912	77,058	62	77,120
<i>Total comprehensive income for the period</i>								
- Profit/(loss) for the period	-	-	-	-	(2,882)	(2,882)	104	(2,778)
- Other comprehensive income/(loss) for the period	-	-	28	1,289	(28)	1,289	-	1,289
<i>Transactions with owners, recognised directly in equity</i>								
- Dividends paid	-	-	-	-	(5,598)	(5,598)	5,598	-
- Issue of shares	13,256	-	-	-	-	13,256	-	13,256
Balance at 31/12/2016	72,506	3,411	80	(3,278)	10,404	83,123	5,764	88,887

The Company	Share capital	Asset revaluation reserve	Accumulated profits	Total
\$'000				
Latest Period				
Balance at 01/07/2017	72,502	3,061	(872)	74,691
<i>Total comprehensive income for the period</i>				
- Loss for the period	-	-	535	535
- Other comprehensive income for the period	-	309	-	309
<i>Transactions with owners, recognised directly in equity</i>				
Balance at 31/12/2017	72,502	3,370	(337)	75,535
Previous Corresponding Period				
Balance at 01/07/2016	59,250	3,061	6,064	68,375
<i>Total comprehensive income for the period</i>				
- Loss for the period	-	-	(403)	(403)
- Other comprehensive income for the period	-	-	-	-
<i>Transactions with owners, recognised directly in equity</i>				
- Dividends paid	-	-	(5,598)	(5,598)
- Issue of shares	13,256	-	-	13,256
Balance at 31/12/2016	72,506	3,061	63	75,630

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 or 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 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

Share Capital	6 months ended 31/12/2017	6 months ended 31/12/2016	6 months ended 31/12/2017	6 months ended 31/12/2016
	No of ordinary shares		\$	\$
Issued and paid up:				
At 1 July	193,701,610	139,520,044	72,501,544	59,249,784
Issue of rights shares	-	54,156,566	-	13,539,142
Rights issue expenses	-	-	-	(283,422)
Exercise of warrants	-	-	-	-
At 31 December	193,701,610	193,676,610	72,501,544	72,505,504

Warrants	6 months ended 31/12/2017	6 months ended 31/12/2016
	No of warrants	
At 1 July	54,131,566	-
Issue of warrants	-	54,156,566
Exercise of warrants	-	-
Unexercised warrants expired on 29 November 2017	(54,131,566)	-
At 31 December	-	54,156,566

No shares were issued during the six months ended 31 December 2017. The 54,131,566 unexercised warrants expired on 29 November 2017.

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have not been audited or reviewed by the auditors.

3. Whether the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of 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

During the current financial period, the Group and the Company have adopted all the new and revised Financial Reporting Standards ("FRSs") and interpretation of FRSs ("INT FRSs") that are relevant to its operation and effective for the annual periods beginning on or after July 1, 2017. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior periods.

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 period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	6 months ended 31/12/2017	6 months ended 31/12/2016
(Loss)/Earnings per ordinary share attributable to the owners of the company for the period		
(i) Based on weighted average number of ordinary share in issue (Cents)	(0.59)	(1.94)
(ii) On a fully diluted basis (Cents)	(0.59)	(1.94)
Computed based on the following weighted average number of shares		
(i) Basic	193,701,610	148,938,577
(ii) Diluted	193,701,610	148,938,577

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	31/12/2017	30/06/2017
	Cents	
The Group	38.67	38.74
The Company	39.00	38.56

Net asset value per share attributable to the owners of the company is calculated based on 193,701,610 (30 June 2017 : 193,701,610) ordinary shares issued at the end of the current period under review and of the immediately preceding financial year.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Statement of comprehensive income

The Group registered revenue of \$17.8 million for the half year ended 31 December 2017 ("HY2018"). This is 30.1% higher than previous corresponding half year ended 31 December 2016 ("HY2017"). Revenue for Hose & Marine segment declined by \$0.2 million (9.3%). This decline is offset by a \$4.3 million revenue generated by the Property business.

The lower revenue in Hose and Marine segment is largely due to continual weak demand in HY2018 as protracted weakness in the offshore and marine industry has yet to recover.

The Group's gross profit decreased by 33% from \$3.2 million in HY2017 to \$2.1 million in HY2018. Gross profit for Hose and Marine segment declined by \$0.1 million from \$0.8 million in HY2017 to \$0.7 million in HY2018, as a result of the lower revenue in period under review. The property segment reported gross loss of \$0.7 million for HY2018, as compared to a gross profit of \$0.4 million in HY2017. This is after the reversal of \$3.7 million revaluation adjustment to restate the cost of properties sold from historical cost to fair value as the properties held for sale had been fair valued at date of acquisition of Starland Holdings Limited.

Other income increased by 63.5% to \$0.3 million in HY2018 as compared to HY2017 as the Group received higher interest income in HY2018.

Finance expenses decreased by 24.4% in HY2018 as compared to HY2017. The decrease is mainly due to lower bank commission and fees paid in HY2018 as compared to the preceding period.

Administrative expenses decreased by 46.7% to \$3.2 million in HY2018 from \$5.9 million in HY2017. The reduction is partly due to a \$0.3 million lower payroll costs and a \$0.3 million higher gain on disposal of available-for-sale investment recorded in HY2018 as compared to HY2017. Additionally, a non-recurring \$0.4 million impairment loss on development properties and properties held for sale and a \$1.3 million expenses relating to ayondo acquisition were incurred in HY2017.

Consequently, the Group incurred a smaller loss before tax of \$1.1 million for HY2018 as compared to a loss of \$3.2 million in HY2017.

Statement of financial position and Statement of cashflows

Group

The Group's financial position remains robust with the current ratio of around 5.3 times at the end of December 2017 as compared to 4.53 times at the end of June 2017 ("FY2017). As at 31 December 2017, the Group had cash and bank balances totalling \$41.8 million. This is an increase of \$1.1 million as compared to 30 June 2017.

Trade receivables decreased by \$0.7 million from \$4.2 million as at FY2017 to \$3.5 million as at 31 December 2017. The decrease is mainly due to the lower revenue in the Hose & Marine segment in HY2018.

Other receivables & prepayment increased by \$1.3 million from \$1.3 million as at FY2017 to \$2.6 million as at 31 December 2017. The increase is mainly due to a \$1.2 million short term loan granted by the Company to a third party business agent during HY2018.

Properties held for sale decreased from \$31.3 million as at 30 June 2017 to \$21.2 million as at 31 December 2017. The decrease is attributed to sale of residential, commercial and car park units during the six months under review.

The \$2.5 million investment in redeemable convertible preference shares ("RCPS") pertains to the subscription for 15,295 RCPS in Energiser Enterprise Sdn Bhd on 4 October 2017.

Current liabilities decreased by \$5.0 million from \$23.5 million in FY2017 to \$18.5 million in HY2018. This is mainly due to repayment of \$4.0 million bank loan during the six months under review, and a \$0.4 million lower accrual for expenses relating to ayondo acquisition as at 31 December 2017 as compared to balance as at 30 June 2017.

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

No forecast or prospect statement has been issued previously.

10. A commentary at the date of the announcement of the 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 Group foresees a slow recovery for the offshore and marine sector customers served by our Hose and Marine and Measuring Instrument businesses. The pickup in utilisation of their assets and spending on operational capital expenditures have yet to be seen. As for the property business, the market still remains challenging.

The Company had announced on 25 September 2017 that the Sale and Purchase Agreement ("**SPA**") entered between Starland Holdings Limited ("**Starland**"), a 83.17%-owned indirect subsidiary of the Company and ayondo Holding AG ("**ayondo**") had ceased on 30 September 2017.

On 30 October 2017, the Company announced that it had entered into an agreement with ayondo on converting the \$2.1 million loan plus accrued interest of \$0.0796 million into a redeemable convertible loan ("**RCL**"). Under the agreement the Company has the option to elect to convert the RCL into new ordinary shares of ayondo at an agreed conversion price. The agreed conversion price is 33% discount to the IPO price. In the event that the RCL is not converted into new ordinary shares, ayondo will repay the RCL and all accrued and unpaid interest in cash. Maturity date of the RCL is 30 September 2018 or such later date to be mutually agreed between the two parties.

On 30 October 2017, Starland announced that it had agreed with ayondo to convert \$0.992 million in expenses incurred by ayondo which was paid by Starland on its behalf plus accrued interest of \$0.035 million into the RCL amounting to \$1.027 million. In the event that the RCL is not converted into new ordinary shares, ayondo will repay the RCL and all accrued and unpaid interest in cash. Maturity date of the RCL is 30 September 2018 or such later date to be mutually agreed between the two parties.

Starland and ayondo had also agreed to issue new ordinary shares of ayondo, at an agreed conversion price of 33% discount to the IPO price, as reimbursement of \$1.141 million of expenses ("**Acquisition Expenses**") incurred by Starland Group in connection with the Proposed Acquisition ("**Conversion Settlement**"). Upon the conversion of the Acquisition Expenses into new ordinary shares, ayondo shall be released and discharged from any and all further payment obligations in respect of the Acquisition Expenses. In the event that the IPO does not occur prior to 30 September 2018, the Conversion Settlement shall cease and ayondo will not be required to reimburse Starland for the Acquisition Expenses.

To date, the Group has not recognised any receivables arising from the above mentioned agreements with ayondo, on its balance sheet, due to uncertainty in their recoverability. In the event that the IPO of ayondo is achieved, the Group will recognise the receivables accordingly.

11. Dividend

(a) Current Financial Period Reported on

Any dividend recommended for the current financial period reported on? No

Name of Dividend	Not Applicable
Dividend Type	Not Applicable
Dividend Rate	Not Applicable

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

Name of Dividend	Not Applicable
Dividend Type	Not Applicable
Dividend Rate	Not Applicable

(c) Date payable

Not Applicable

(d) Books closure date

Not Applicable

12. If no dividend has been declared/recommended, a statement to that effect

No dividend has been declared for half year ended 31 December 2017.

13. Interested person transactions

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

Interested person transaction, as defined in Chapter 9 of the Listing Manual of the SGX-ST, entered into by the Group or by the Company during the half year ended 31 December 2017 is as follows:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Luminor Capital Pte Ltd - Rental expenses recovered	114,634	-

14. Use of rights issue proceeds

As at date of this announcement, the status of the use of net proceeds from the rights shares is as below:

Use of Net Proceeds	Allocation of Net Proceeds \$'000	Net Proceeds utilised as at the date of this announcement \$'000	Balance of Net Proceeds as at the date of this announcement \$'000
<u>2013 Rights issues</u>			
Proposed new business	28,000	(28,000)	-
General working capital	5,000	(550)	4,450
	33,000	(28,550)	4,450
Proceeds from exercise of warrants: - Proposed new business	8,974	(8,974)	-
Total	41,974	(37,524)	4,450
Breakdown of utilisation of general working capital is as follows:			
Rental expenses		(34)	
Professional fees		(125)	
General administrative expenses		(391)	
Total		(550)	
<u>2016 Rights issues</u>			
Proposed new business	12,348	(2,500)	9,848
General working capital	841	-	841
	13,189	(2,500)	10,689

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1)

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

16. Confirmation by the Board of Directors

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited financial statements for the half-year ended 31 December 2017 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Kwan Chee Seng
Executive Director
12 February 2018