



**LY CORPORATION LIMITED**  
(Incorporated in the Republic of Singapore)  
(Company Registration No. 201629154K)

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**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE  
FINANCIAL YEAR ENDED 31 DECEMBER 2017**

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*Unless otherwise defined, capitalised terms used in this announcement shall have the same meaning as ascribed to them in the Offer Document of the Company dated 18 January 2018 (the “Offer Document”).*

LY Corporation Limited (the “**Company**”) was listed on Catalist of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 31 January 2018. The initial public offering of the Company was sponsored by UOB Kay Hian Private Limited (the “**Sponsor**”).

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Lan Kang Ming, Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.

### **Background**

The Company was incorporated in Singapore on 24 October 2016 under the Companies Act as a private company limited by shares, under the name of “LY Corporation Pte. Ltd.”. The Company was converted into a public company limited by shares and changed its name to LY Corporation Limited on 21 December 2017.

The Group is an established original design manufacturer principally engaged in the design and manufacture of wooden bedroom furniture and the manufacture of custom wooden bedroom furniture which may be tailored to our customers’ specifications on an original equipment manufacturer basis.

Prior to the listing on the Catalist of the SGX-ST on 18 December 2017, the Group undertook a corporate restructuring (the “**Restructuring Exercise**”) to rationalise and streamline the Group’s corporate structure. Please refer to the Offer Document for further details on the Restructuring Exercise.

**PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

1(a)(i) 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.

For the financial year ended 31 December 2017 ("FY2017") and financial year ended 31 December 2016 ("FY2016")

Consolidated Statements of Comprehensive Income

	<b>Group FY2017 RM'000</b>	<b>Group FY2016 RM'000</b>	<b>Increase/ (Decrease) %</b>
Revenue	350,644	287,379	22.0
Cost of sales	(262,935)	(212,503)	23.7
<b>Gross Profit</b>	<b>87,709</b>	<b>74,876</b>	<b>17.1</b>
<b>Other items of income</b>			
Interest income	844	570	48.1
Other income	6,237	5,115	21.9
<b>Other items of expense</b>			
Selling and administrative expenses	(25,872)	(22,443)	15.3
Finance costs	(208)	(710)	(70.7)
Other expense	(4,324)	(1,094)	N.M.
<b>Profit before tax</b>	<b>64,386</b>	<b>56,314</b>	<b>14.3</b>
Income tax expense	(13,215)	(12,868)	2.7
<b>Profit for the year, representing total comprehensive income for the year attributable to owners of the Company</b>	<b>51,171</b>	<b>43,446</b>	<b>17.8</b>

Note:

N.M. Not meaningful

**1(a)(ii) Notes to consolidated statement of comprehensive income.**

	<b>Group FY2017 RM'000</b>	<b>Group FY2016 RM'000</b>	<b>Increase/ (Decrease) %</b>
Profit for the year include the following (charges)/credits:			
Finance expenses:			
- bank loans	(149)	(650)	(77.1)
- obligations under finance lease	(59)	(60)	(1.7)
Amortisation of leasehold land	(341)	(319)	6.9
Depreciation of property, plant and equipment	(6,049)	(4,923)	22.9
Operating lease expense	(614)	(1,272)	(51.7)
Write off of property, plant and equipment	(7)	(581)	(98.8)
Loss on disposal of short term investments	-	(24)	N.M.
Gain on disposal of property, plant and equipment	86	1,114	(92.3)
Gain on disposal of leasehold land	-	166	N.M.
Dividend income from short term investments	-	59	N.M.
Rental income	533	693	(23.1)
Net foreign exchange (loss)/gain	(4,317)	169	N.M.
Net fair value loss on derivatives	-	(472)	(100.0)
Income tax (expense)/credit:			
- Current income taxation	(12,728)	(13,541)	(6.0)
- Over provision in respect of previous years	153	-	N.M.
- Real property gain tax	59	(223)	N.M.
Deferred income tax:			
- Origination and reversal of temporary difference	(1,148)	896	N.M.
- Over provision in respect of previous years	449	-	N.M.

*Note:*

*N.M. Not meaningful*

**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 As at 31 Dec 2017 RM'000	Group As at 31 Dec 2016 RM'000	Company As at 31 Dec 2017 RM'000	Company As at 31 Dec 2016 RM'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	114,074	102,961	-	-
Leasehold land	13,772	14,113	-	-
Investment in subsidiaries	-	-	20,234	-
<b>Total non-current assets</b>	<b>127,846</b>	<b>117,074</b>	<b>20,234</b>	<b>-</b>
<b>Current assets</b>				
Inventories	41,351	40,810	-	-
Trade and other receivables	29,501	18,640	-	-
Amount due from ultimate holding company	19	-	-	-
Prepaid operating expense	5,764	2,566	5,169	2,114
Cash and cash equivalents	31,103	49,468	-*	-*
<b>Total current assets</b>	<b>107,738</b>	<b>111,484</b>	<b>5,169</b>	<b>2,114</b>
<b>Total assets</b>	<b>235,584</b>	<b>228,558</b>	<b>25,403</b>	<b>2,114</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Loans and borrowings	8,321	4,662	-	-
Trade and other payables	30,559	24,261	157	-
Amount due to a subsidiary	-	-	5,013	2,114
Other liabilities	5,520	6,512	-	-
Tax payable	3,328	4,432	-	-
Derivative liabilities	-	2,484	-	-
<b>Total current liabilities</b>	<b>47,728</b>	<b>42,351</b>	<b>5,170</b>	<b>2,114</b>
<b>Net current assets/(liabilities)</b>	<b>60,010</b>	<b>69,133</b>	<b>(1)</b>	<b>-</b>
<b>Non-current liabilities</b>				
Loans and borrowings	977	698	-	-
Deferred tax liabilities	12,841	12,142	-	-
<b>Total non-current liabilities</b>	<b>13,818</b>	<b>12,840</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>61,546</b>	<b>55,191</b>	<b>5,170</b>	<b>2,114</b>
<b>Net assets</b>	<b>174,038</b>	<b>173,367</b>	<b>20,233</b>	<b>-</b>
<b>Equity attributable to owners of the Company</b>				
Share capital	20,234	-*	20,234	-*
Merger reserve	(15,234)	500	-	-
Retained earnings/(Accumulated losses)	169,038	172,867	(1)	-
<b>Total equity</b>	<b>174,038</b>	<b>173,367</b>	<b>20,233</b>	<b>-</b>
<b>Total equity and liabilities</b>	<b>235,584</b>	<b>228,558</b>	<b>25,403</b>	<b>2,114</b>

\* Less than RM1,000

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

**Amount repayable by the Group in one year or less, or on demand**

<b>As at 31 December 2017 (RM'000)</b>		<b>As at 31 December 2016 (RM'000)</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
8,321	-	4,662	-

**Amount repayable by the Group after one year**

<b>As at 31 December 2017 (RM'000)</b>		<b>As at 31 December 2016 (RM'000)</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
977	-	698	-

**Details of collateral**

The Group's borrowings consist of obligations under finance leases and short term trade financing.

The obligations under finance leases are secured by a charge over the respective leased motor vehicles.

The bankers' acceptance and short term trade financing are secured by mortgage over certain buildings and leasehold land and joint and several guarantee provided by the directors from one of our subsidiary.

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

	<b>Group FY2017 RM'000</b>	<b>Group FY2016 RM'000</b>
<b>Operating activities</b>		
Profit before tax	64,386	56,314
<u>Adjustments for:</u>		
Gain on disposal of property, plant and equipment	(86)	(1,114)
Gain on disposal of leasehold land	-	(166)
Net fair value (gain)/loss on derivatives	(2,484)	472
Dividend income from short term investments	-	(59)
Interest income	(844)	(570)
Interest expense	208	710
Staff loan written off	-	17
Write off of property, plant and equipment	7	581
Loss on disposal of short term investment	-	24
Amortisation of leasehold land	341	319
Depreciation of property, plant and equipment	6,049	4,923
Unrealised exchange loss/(gain)	532	(1,166)
	<b>68,109</b>	<b>60,285</b>
<u>Changes in working capital:</u>		
Increase in inventories	(541)	(1,976)
Increase in trade and other receivables	(10,981)	(3,082)
Increase in prepaid operating expense	(3,198)	(2,044)
Increase in trade and other payables	6,390	4,965
(Decrease)/Increase in other liabilities	(992)	489
	<b>58,787</b>	<b>58,637</b>
<b>Cash flows from operations</b>		
Interest paid	(208)	(710)
Income taxes paid	(13,620)	(14,817)
	<b>44,959</b>	<b>43,110</b>
<b>Investing activities</b>		
Dividend received from short term investment	-	59
Interest received	844	570
Proceeds from disposal of short term investments	-	1,990
Purchase of short term investments	-	(2,014)
Purchase of property, plant and equipment (Note A)	(17,409)	(8,777)
Purchase of leasehold land	-	(4,512)
Proceeds from disposal of property, plant and equipment	1,166	8,105
Proceeds from sale of leasehold land	-	1,384
	<b>(15,399)</b>	<b>(3,195)</b>
<b>Financing activities</b>		
Dividends paid on ordinary shares	(55,000)	(38,000)
Proceeds from loans and borrowings	61,347	52,268
Repayment of obligations under finance lease	(471)	(454)
Repayment of loans and borrowings	(57,848)	(78,261)
Proceeds from issuance of shares	4,500	-
	<b>(47,472)</b>	<b>(64,447)</b>

	<b>Group FY2017 (Unaudited) RM'000</b>	<b>Group FY2016 (Audited) RM'000</b>
Net decrease in cash and cash equivalents	(17,912)	(24,532)
Effect of exchange rate changes on cash and cash equivalent	(453)	1,075
Cash and cash equivalents at beginning of year	49,468	72,925
<b>Cash and cash equivalents at end of year</b>	<b>31,103</b>	<b>49,468</b>

**1(c)(ii) Note to the combined statement of cash flows**

**Note A: Property, plant and equipment**

	<b>Group FY2017 (Unaudited) RM'000</b>	<b>Group FY2016 (Audited) RM'000</b>
Current year additions to property, plant and equipment	18,249	10,014
Less: Additions under finance leases	(840)	(70)
Less: Accrued operating expense	-	(1,167)
<b>Net cash outflow from purchase of property, plant and equipment</b>	<b>17,409</b>	<b>8,777</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.**

**Group**

	Attributable to owners of the Company			
	Share capital RM'000	Merger reserve RM'000	Retained Earnings RM'000	Total equity RM'000
<b>FY2017</b>				
<b>At 1 January 2017</b>	-*	500	172,867	173,367
Issuance of new shares	4,500	-	-	4,500
Profit for the year, representing total comprehensive income for the year	-	-	51,171	51,171
Dividend on ordinary shares, representing total distribution to owners	-	-	(55,000)	(55,000)
Issue of new shares and effect of adjustments pursuant to the Restructuring Exercise	15,734	(15,734)	-	-
<b>At 31 December 2017</b>	<b>20,234</b>	<b>(15,234)</b>	<b>169,038</b>	<b>174,038</b>
<b>FY2016</b>				
<b>At 1 January 2016</b>	-	500	167,421	167,921
Profit for the year, representing total comprehensive income for the year	-	-	43,446	43,446
Dividend on ordinary shares, representing total distribution to owners	-	-	(38,000)	(38,000)
Incorporation of the Company	-*	-	-	-*
<b>At 31 December 2016</b>	<b>-*</b>	<b>500</b>	<b>172,867</b>	<b>173,367</b>

\*Less than RM1,000



**Company**

	<b>Share capital RM'000</b>	<b>Retained earnings RM'000</b>	<b>Total RM'000</b>
<b>FY2017</b>			
<b>At 1 January 2017</b>	-*	-	-*
Issuance of new shares	20,234	-	<b>20,234</b>
Loss for the year	-	(1)	<b>(1)</b>
	<hr/>		
<b>At 31 December 2017</b>	<b>20,234</b>	<b>(1)</b>	<b>20,233</b>
	<hr/>		
<b>FY2016</b>			
<b>At 24 October 2016, date of incorporation</b>	-*	-	-*
Loss for the period	-	-	-
	<hr/>		
<b>At 31 December 2016</b>	<b>-*</b>	<b>-</b>	<b>-*</b>
	<hr/>		

*\*Less than RM1,000*

**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.**

### Share Capital

	No. of issued shares	Issued and paid-up share capital (RM)
<b>At date of incorporation, 24 October 2016</b>	1	3
<b>Balance as at 31 December 2016 and 1 January 2017</b>	1	3
Issue of new shares pursuant to the Restructuring Exercise	39,999,999	20,234,160
<b>Balance as at 31 December 2017</b>	40,000,000	20,234,163

On 16 January 2018, the Company's issued 40,000,000 shares were sub-divided into 426,720,000 shares (the "**Share Split**"). An additional 62,424,200 shares were issued and allotted on 29 January 2018 in connection with the Initial Public Offer ("IPO"). As at the date of this announcement, the Company has 489,144,200 shares being issued and fully paid up. For details, please refer to the page 59 of the Offer Document.

The Company did not have any outstanding convertibles as at 31 December 2017 and 2016.

The Company did not have any treasury shares and subsidiary holdings as at 31 December 2017 and 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.**

The total number of issued shares (excluding treasury shares) immediately post-IPO, as at the end of the current financial period and as at the end of the immediately preceding year are as follows:

	<b>Immediately Post-IPO</b>	<b>As at 31 Dec 2017</b>	<b>As at 31 Dec 2016</b>
Total number of issued shares (excluding treasury shares)*	489,144,200	40,000,000	1

The Company did not have any treasury shares as at 31 December 2017 and 2016.

\* Refers to the legal number of issued shares of the Company as registered with the Accounting and Corporate Regulatory Authority.

**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.**

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial period reported on.

**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.**

Not applicable. The Company did not have any subsidiary holdings during and as at the end of the current financial period reported on.

**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. The figures have not been audited or reviewed by the Company's auditors.

**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 current reporting period are consistent with those disclosed in the most recently audited consolidated financial statements for the financial year ended 31 December 2016.

**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**

	<b>Group</b>	
	<b><u>FY2017</u></b>	<b><u>FY2016</u></b>
Profit attributable to owners of the Company (RM'000)	51,171	43,446
Weighted average number of ordinary shares <sup>(1)</sup> ('000)	40,000	40,000
Basic and diluted earnings per share ("EPS") <sup>(2)</sup> (RM)	1.28	1.09

	<b>Group</b>	
	<b><u>FY2017</u></b>	<b><u>FY2016</u></b>
For illustrative purposes <sup>(3)</sup>		
Profit attributable to owners of the Company (RM'000)	51,171	43,446
Weighted average number of ordinary shares ('000)	489,144	489,144
Basic and diluted EPS <sup>(2)</sup> (sen)	10.46	8.88

**Notes:**

- (1) The Company's number of ordinary shares of 40,000,000 immediately after the Restructuring Exercise has been used in the calculation of basic and diluted earnings per share for both financial years presented.
- (2) The basic and fully diluted EPS were the same as there were no dilutive ordinary shares in issue as at 31 December 2017 and 31 December 2016.
- (3) For comparatives purposes, the EPS for the respective financial years have been computed based on the profit attributable to owners of the Company and share capital of 489,144,200 shares assuming that the Restructuring Exercise pursuant to the Share Split, and 62,424,000 new shares were issued and allotted pursuant to the IPO had been completed as at 1 January 2016.

**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.**

	<b>Group As at 31 Dec 2017</b>	<b>Group As at 31 Dec 2016</b>	<b>Company As at 31 Dec 2017</b>	<b>Company As at 31 Dec 2016</b>
Net asset value (" <b>NAV</b> ") (RM'000)	174,038	173,367	20,233	-
Number of ordinary shares in issue ('000)	40,000	500 <sup>(1)</sup>	40,000	-(2)
NAV per ordinary share (RM)	4.35	346.73	0.51	-
	<b>Group As at 31 Dec 2017</b>	<b>Group As at 31 Dec 2016</b>	<b>Company As at 31 Dec 2017</b>	<b>Company As at 31 Dec 2016</b>
For illustrative purposes <sup>(3)</sup>				
NAV (RM'000)	174,038	173,367	20,233	-
Number of ordinary shares in issue ('000)	489,144	489,144	489,144	489,144
NAV per ordinary share (RM)	0.36	0.35	0.04	-

**Notes:**

- (1) The weighted average number of ordinary shares reflects the weighted average number of ordinary shares of LYFSB as the combined financial statements of the Group are presented as a continuation of LYFSB.
- (2) Less than 1,000 shares
- (3) For comparatives purposes, the NAV per ordinary share for the respective financial years have been computed based on the share capital of 489,144,200 shares assuming that the Restructuring Exercise pursuant to the Share Split, and 62,424,000 new shares pursuant to the IPO had been completed as at 1 January 2016.

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.

#### **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

##### ***Review of Group's performance for FY2017 as compared to FY2016***

#### Revenue

The Group's revenue increased by approximately RM63.3 million, or 22.0% mainly due to the following:

(a) an increase in the number of containers loaded with products ("**40-ft containers**") sold from 5,637 40-ft containers in FY2016 to 6,620 40-ft containers in FY2017 due to the increase in the demand from its customers mainly from the United States of America; and

(b) an increase in average selling price per 40-ft container from RM51,000 in FY2016 to RM53,000 in FY2017 due to the increase in the selling prices of certain furniture models.

#### Cost of sales and gross profits

The cost of sales increased by approximately RM50.4 million, or 23.7% mainly due to the increase in raw materials purchased, labour costs and subcontractors' costs. The increase in these costs was mainly due to the higher level of production during the year to cater for the production to meet the demand in FY2017.

The gross profit increased by approximately RM12.8 million, or 17.1% as a result of the increase in the revenue. The overall gross profit margin decreased from 26.1% in FY2016 to 25.0% in FY2017 mainly due to the increase in the purchase price of most of the raw materials.

#### Interest income

Interest income increased by approximately RM0.3 million, or 48.1% mainly due to more cash being placed under short term deposits.

#### Other income

Other income increased by approximately RM1.1 million, or 21.9% mainly due to the increase in the sale of materials by approximately RM2.9 million in FY2017 as a result of the Company selling more boards to LP Global Resources Sdn Bhd ("**LP Global**") to manufacture front drawer for most of our models (including lamination services) as compared to previously whereby LP Global only provided lamination services. The increase in the other income was partly set-off by the decrease in the gain on disposal of property, plant and equipment.

#### Selling and administrative expenses

Selling and administrative expenses increased by approximately RM3.4 million, or 15.3% mainly due to the increase in depreciation of property, plant and equipment, freight and handling charges, staff costs (including, but not limited to salary, EPF, Social Security Contribution, staff welfare and training) and Directors' bonus. The increase in depreciation of property, plant and equipment by approximately RM0.2 million was due to the acquisition of office equipment, furniture and fittings.

### Finance Cost

Finance costs decreased by approximately RM0.5 million, or 70.7% mainly due to settlement of our term loans in FY2016.

### Other expense

Other expense increased by approximately RM3.2 million mainly due to net foreign exchange loss recorded in the books of the Company in FY2017 as compared to FY2016 due to the appreciation of the RM against US\$ as the Company holds some of their cash in US\$ for daily operating purposes.

### Profit for the year

As a result of the foregoing, profit for the year increased by approximately RM7.7 million, or 17.8%.

## **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

### ***Review of the Group's financial position as at 31 December 2017 as compared to 31 December 2016.***

#### Non-current assets

Property, plant and equipment increased by approximately RM11.1 million, or 10.8% mainly due to the purchase of machinery and equipment as well as office equipment, furniture and fittings.

Leasehold land decreased by approximately RM0.3 million, or 2.4% due to the amortisation of the leasehold land.

#### Current assets

Inventories increased by approximately RM0.5 million, or 1.3% mainly due to the Group stocking up raw materials towards the end of FY2017 to fulfil sales orders due for delivery in the financial year ending 31 December 2018 ("**FY2018**").

Trade and other receivables of approximately RM29.5 million comprised trade receivables, receivables from related parties, deposit and other receivables. The increased in trade and other receivables by approximately RM10.9 million, or 58.4% was in line with the increase in sales.

Prepaid operating expense of approximately RM5.8 million comprised mainly of the expenses related to the IPO of the Company which will only be either expensed off to the income statement or capitalised in FY2018.

#### Current liabilities

Loans and borrowings comprised obligations under finance leases and short term trade financing. The increased of loans and borrowings by approximately RM3.7 million, or 78.5% was mainly due to the increase in the usage of short term trade financing towards the end of FY2017.

Trade and other payables of approximately RM30.6 million comprised trade payables, amount due to related parties and sundry payables. The increased in trade payable and other payable of RM6.3 million, or 26.0% was mainly due to the increase in purchase of raw materials to cater for the sales orders.

There were no derivative liabilities recorded as there were no outstanding forward currency contracts and cross currency swap as at the end of FY2017.

## REVIEW OF THE GROUP'S CASH FLOW STATEMENT

The Group recorded net cash flows from operating activities of approximately RM45.0 million in FY2017 which was lower as compared to approximately RM43.1 million in FY2016 mainly due to the increase in the requirement for working capital.

The Group recorded net cash flows used in investing activities of approximately RM15.4 million mainly due to the purchase of new machineries with better features.

The Group recorded net cash flows used in financing activities of approximately RM47.5 million mainly due to the payment of dividends of RM55.0 million, net proceeds from loan and borrowings of RM3.5 million, and proceeds from issuance of ordinary shares of RM4.5 million.

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

The financial results are in line with the forecast statement disclosed in page 136 of the Offer Document which states that revenue for FY2017 is expected to be higher than that of FY2016.

The Company had in the Offer Document mentioned that the construction of the new hostel on 1.9 acres land at LY12 is expected to be completed by the first quarter of FY2018. The Company wishes to update that the expected completion has been deferred to third quarter of FY2018 due to a delay in obtaining approval from the relevant authorities.

### **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.**

- (a) In view that the Malaysian Ringgit has strengthened against United States Dollar recently, the Group has constantly engaged with its customers where the majority of its products will be based on new prices which reflect the latest exchange rates for the coming new orders. While the Group acknowledges that the unfavorable exchange rate may affect its financial results, the Group expects the impact, if any, of such exchange rate to be short term given the Group's ability to adjust the products' selling prices. In addition, the Group will continue to review its hedging policy from time to time.
- (b) Raw material prices have continued to increase since its IPO, albeit at a lower rate of increase for most of the raw materials that are currently in use by the Group. The Group are cautiously optimistic that the situation will continue to improve over the next few months. Nevertheless, the Group will continue to strategise its position which includes (but not limited to) various negotiation techniques such as bulk purchases, early cash payment and etc.
- (c) The Group has received the approval from Ministry of Home Affairs (Foreign Workers Management Division) on 4 January 2018 for the hiring of 486 foreign workers to work at its factories and warehouses. The Group has a time frame of one and a half years to hire these foreign workers over time to suit and plan its hiring needs in view of our expansion plans, taking into consideration also its improved production efficiencies which is expected in time to come.

### **11. Dividend**

**If a decision regarding dividend has been made:-**

#### **(a) Current Financial Period Reported on**

Any dividend recommended for the current financial period reported on?

Yes, as follows:

Name of Dividend (First and Final)	Ordinary
Dividend Type	Cash
Dividend Amount per Ordinary Share (in Singapore cent)	0.78 (tax exempt one-tier)
Par value of shares (not applicable for a Singapore incorporated company)	Not applicable
Tax Rate	Tax Exempted

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

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

No

**(c) The date the dividend is payable.**

To be announced later.

**(d) The date on which Registrable Transfer receive by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.**

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.**

In connection with the IPO, the Group had obtained a general mandate from shareholders for IPTs disclosed in pages 158 to 202 of the Offer Document.

The aggregate value of all interested person transactions during the FY2017 were 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)
	RM'000	RM'000
Lean Shern Furniture Sdn Bhd	Not applicable ("NA")	3,652
LP Global Resources Sdn Bhd	NA	15,894
Leatherworld Upholstery Sdn Bhd	NA	3,955



#### 14. Confirmation pursuant to Rule 720(1) of the Catalyst Rules

The Company confirms that it has procured the undertakings from all its Directors and executive officers in the required format.

#### 15. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

The Group's activities are predominantly in manufacturing of wooden bedroom furniture.

##### Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Group FY2017 RM'000	Group FY2016 RM'000
<b>Revenue</b>		
Malaysia	35,577	38,410
United States of America	284,858	221,897
Others	30,209	27,072
	<hr/>	<hr/>
	350,644	287,379
	<hr/>	<hr/>
<b>Non-current assets</b>		
Malaysia	127,846	117,074
	<hr/>	<hr/>

Non-current assets information presented above consist of property, plant and equipment and leasehold land as presented in the combined statement of financial position.

#### 16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by operating segments.

Please refer to paragraph 8 above.

#### 17. A breakdown of sales as follows:-

	Group FY2017 RM'000	Group FY2016 RM'000	Increase/ (decrease) %
a) Sales reported for first half year	166,007	141,597	17.2
b) Operating profit after tax for first half	21,588	17,749	21.6
c) Sales reported for second half year	184,637	145,782	26.7
d) Operating profit after tax for second half year	29,583	25,697	15.1

#### 18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-

	Company FY2017 \$'000	Company FY2016 \$'000
a) Ordinary	3,815	-
b) Preference	-	-
c) Total	3,815	-

**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.**

<b>Name</b>	<b>Age</b>	<b>Family relationship with any directors and/or substantial shareholder</b>	<b>Current position and duties, and the year the position was held</b>	<b>Details of changes in duties and position held, if any, during the year</b>
Mr Tan Kwee Lim	58	Brother of Mr Tan Kwee Chai, uncle of Ms Tan Ai Luang and Mr Tan Yong Chuan	Chief Operating Officer Year: 2012	Nil
Mr Boo Ngek Hee	56	Uncle of Ms Tan Ai Luang	Chief Quality Controller Year: 2012	Nil
Mr Tan Yong Siang	27	Son of Mr Tan Kwee Chai, brother of Mr Tan Yong Chuan, cousin of Ms Tan Ai Luang and nephew of Mr Tan Kwee Lim	Director of LYFSB Year: 2017	Nil

## **20. Use of IPO Proceeds**

Pursuant to the Company's IPO, the Company received net proceeds from the IPO of approximately RM13.0 million (the "**Net Proceeds**"). Please refer to the Offer Document for further details.

As at the date of this announcement, the status on the use of the IPO proceeds is as follows:

<b>Purpose</b>	<b>Amount allocated (\$'000)</b>	<b>Amount utilised (\$'000)</b>	<b>Balance (\$'000)</b>
Expanding the sales network in the PRC	1,000	-	1,000
Upgrading the machinery and equipment and acquiring new technology	5,000	-	5,000
Construction of additional facilities	4,000	-	4,000
General working capital purposes	3,000	-	3,000
<b>Total</b>	<b>13,000</b>	<b>-</b>	<b>13,000</b>

## **BY ORDER OF THE BOARD**

Tan Yong Chuan  
Chief Executive Officer  
12 March 2018