



TSH Corporation Limited

Company Registration Number: 200003865N

Half-Year Unaudited Financial Statement Announcement for the Financial Period Ended 30 June 2014

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Canaccord Genuity Singapore Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("Exchange"). The Company's Sponsor has not independently verified the contents of this announcement.

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

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

Statement of Comprehensive Income

	The Group		
	For the 6 months ended		
	30/6/2014 S\$'000	30/6/2013 S\$'000	Increase / (Decrease)
Revenue	8,171	17,052	-52.1%
Cost of sales	(5,163)	(11,541)	-55.3%
Gross profit	3,008	5,511	-45.4%
Other income	345	259	33.2%
General and administrative expenses	(1,825)	(2,315)	-21.2%
Selling and marketing expenses	(793)	(1,572)	-49.6%
Finance costs	(70)	(107)	-34.6%
Other operating expenses	(346)	(367)	-5.7%
Profit before taxation	319	1,409	-77.4%
Taxation	1	(326)	n.m.
PROFIT FOR THE PERIOD	320	1,083	-70.5%
Other comprehensive income:			
Foreign currency translation	(81)	85	n.m.
Other comprehensive income for the year, net of tax	(81)	85	n.m.
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	239	1,168	-79.5%
Profit attributable to:			
Owners of the Company	320	1,083	-70.5%
Total comprehensive income attributable to:			
Owners of the Company	239	1,168	-79.5%

n.m. - not meaningful

1(a)(ii) Notes to the statement of comprehensive income

	The Group	
	For the 6 months ended	
	30/6/2014	30/6/2013
	S\$'000	S\$'000
<i>Profit before taxation is arrived at after charging / (crediting) the followings:-</i>		
Amortisation of development costs	-	100
Depreciation of property, plant and equipment	376	450
Foreign exchange loss/ (gain), net ⁽¹⁾	37	(251)
Grant income	(68)	(84)
Rental income	(200)	(136)

Note:

(1) Exchange loss incurred in 1H2014 due to the depreciation of US Dollar against Singapore Dollar.

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

	The Group		The Company	
	As at			
	30/6/2014 S\$'000	31/12/2013 S\$'000	30/6/2014 S\$'000	31/12/2013 S\$'000
Non-current assets				
Property, plant and equipment	11,078	11,431	9,035	9,124
Investments in subsidiaries	-	-	9,815	9,815
Intangible assets	1,760	1,760	-	-
Available-for-sale financial assets	3,605	3,605	3,605	3,605
	16,443	16,796	22,455	22,544
Current assets				
Development property	8,131	-	-	-
Inventories	110	116	-	-
Gross amount due from customers for contract work-in-progress	1,762	880	-	-
Trade and other receivables	7,579	6,343	10,671	2,217
Held for trading financial assets	238	240	238	240
Fixed deposits	12,457	9,489	10,900	7,933
Cash and bank balances	6,800	23,825	1,594	11,831
	37,077	40,893	23,403	22,221
Current liabilities				
Gross amount due to customers for contract work-in-progress	111	524	-	-
Trade and other payables	2,925	6,025	4,932	2,256
Borrowing	389	413	389	413
Provision for taxation	34	713	-	69
	3,459	7,675	5,321	2,738
Net current assets	33,618	33,218	18,082	19,483
Non-current liabilities				
Borrowing	4,932	5,124	4,932	5,124
Deferred tax liabilities	287	287	-	-
	5,219	5,411	4,932	5,124
Net assets	44,842	44,603	35,605	36,903
Equity attributable to the owners of the Company				
Share capital	26,034	26,034	26,034	26,034
Translation reserve	81	162	-	-
Revenue reserve	18,727	18,407	9,571	10,869
Total equity	44,842	44,603	35,605	36,903

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

Amount repayable in one year or less, or on demand

As at 30/6/2014 S\$'000		As at 31/12/2013 S\$'000	
Secured	Unsecured	Secured	Unsecured
389	-	413	-

Amount repayable after one year

As at 30/6/2014 S\$'000		As at 31/12/2013 S\$'000	
Secured	Unsecured	Secured	Unsecured
4,932	-	5,124	-

Details of any collateral

The Group's secured borrowing is secured by its freehold industrial building and the assignment of rental income generated from the said building.

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

	The Group	
	For the 6 months ended	
	30/6/2014	30/6/2013
	S\$'000	S\$'000
Cash Flows From Operating Activities		
Profit before taxation	319	1,409
Adjustments for:		
Amortisation of development costs	-	100
Depreciation of property, plant and equipment	376	450
Dividend income	(4)	(3)
Fair value loss on held for trading financial assets	2	23
Impairment of inventories	-	53
Impairment of trade receivables	-	21
Interest expense	54	39
Interest income	(68)	(12)
Inventories written off	-	43
Net effect of currency translation differences	59	(155)
Property, plant and equipment written off	-	46
Operating cash flows before changes in working capital	738	2,014
Increase in development property	(387)	-
Decrease in inventories	6	177
(Increase)/ decrease in gross amount due from customers for contract work-in-progress	(1,295)	2,472
Increase in trade and other receivables	(1,534)	(10,247)
(Decrease)/ increase in trade and other payables	(3,089)	1,268
Cash used in operations	(5,561)	(4,316)
Interest paid	(65)	(22)
Income taxes paid	(671)	(71)
Interest received	68	10
Net cash used in operating activities	(6,229)	(4,399)
Cash Flows From Investing Activities		
Cash inflow on acquisition of a subsidiary, net (Note A)	10	-
Dividend income received	11	2
Purchase of property, plant and equipment	(26)	(34)
Proceeds from disposal of held for trading financial assets	291	-
Net cash generated from/ (used in) investing activities	286	(32)
Cash Flows From Financing Activities		
Redemption/ (placement) of pledged bank balances and deposits	506	(945)
Repayments of borrowing	(216)	(1,094)
Repayments of loan due to third parties	(7,754)	-
Net cash used in financing activities	(7,464)	(2,039)
Net decrease in cash and cash equivalents	(13,407)	(6,470)
Effects of exchange rate changes on cash and cash equivalents	(144)	246
Cash and cash equivalents at beginning of period	30,558	14,648
Cash and cash equivalents at end of period (Note B)	17,007	8,424

Note A:-

On 28 May 2014, the Company acquired the entire equity interest of TSH Land Pte Ltd ("TSH Land") which was formerly known as Gaw Pte Ltd. Upon the acquisition, TSH Land became a subsidiary of the Group. The fair value of the identifiable assets and liabilities acquired as at date of acquisition and the cash flow effects of the acquisition were as follows:-

	S\$'000
Development property	7,744
Cash and bank balances	10
	7,754
Loan due to third parties	(7,754)
Net liabilities acquired	-
Cash consideration paid **	-
Less: Cash and cash equivalents acquired	10
Net cash inflow on acquisition	10

** - S\$2

Note B:-

For the purpose of the statement of cash flows, the cash and cash equivalents at the end of the financial period comprised the following:

	The Group	
	30/6/2014	30/6/2013
	S\$000	S\$000
Cash and cash equivalents		
Fixed deposits	12,457	2,050
Cash and bank balances	6,800	9,624
	19,257	11,674
Less: Bank balances and fixed deposits pledged	(2,250)	(3,250)
	17,007	8,424

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

The Group	Share capital S\$'000	Revenue reserve S\$'000	Translation reserve S\$'000	Total equity S\$'000
As at 1 January 2014	26,034	18,407	162	44,603
Profit for the period	-	320	-	320
Foreign currency translation	-	-	(81)	(81)
Other comprehensive income for the period	-	-	(81)	(81)
Total comprehensive income for the period	-	320	(81)	239
As at 30 June 2014	26,034	18,727	81	44,842
As at 1 January 2013	26,034	15,791	61	41,886
Profit for the period	-	1,083	-	1,083
Foreign currency translation	-	-	85	85
Other comprehensive income for the period	-	-	85	85
Total comprehensive income for the period	-	1,083	85	1,168
As at 30 June 2013	26,034	16,874	146	43,054

The Company	Share capital S\$'000	Revenue reserve S\$'000	Total equity S\$'000
As at 1 January 2014	26,034	10,869	36,903
Loss for the period	-	(1,298)	(1,298)
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	(1,298)	(1,298)
As at 30 June 2014	26,034	9,571	35,605
As at 1 January 2013	26,034	13,930	39,964
Loss for the period	-	(348)	(348)
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	(348)	(348)
As at 30 June 2013	26,034	13,582	39,616

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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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 immediate preceding financial year.

There were no changes in the Company's share capital during the 6 months ended 30 June 2014. There were no outstanding convertibles or treasury shares as at 30 June 2014 and 2013.

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 immediate preceding year.

Total number of issued shares excluding treasury shares was 240,443,565 as at 30 June 2014 (31 December 2013: 240,443,565 shares).

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during 1H2014.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have neither been audited nor reviewed by the Company's auditors.

3. Where 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.

The Group has adopted the same accounting policies and methods of computation in the financial statements for the current financial period compared with the audited financial statements as at 31 December 2013 except for the adoption of certain revised Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that became mandatory from 1 January 2014. The adoption of these FRS and INT FRS did not result in any substantial changes to the Group's accounting policies or any significant impact on the financial statements.

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.

Refer to paragraph 4 above.

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.

	For the 6 months ended	
	30/6/2014 Cents	30/6/2013 Cents
The Group		
Basic ⁽¹⁾	0.13	0.45
Diluted ⁽²⁾	0.13	0.45

Notes:-

- (1) Basic earnings per ordinary share were calculated based on the net profit after tax attributable to owners of the Company divided by the weighted average number of shares in issue of 240,443,565 for 1H2014 (1H2013: 240,443,565 shares).
- (2) There were no potential dilutive ordinary shares during 1H2014 and 1H2013.

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.

	The Group		The Company	
	6/30/2014 Cents	12/31/2013 Cents	6/30/2014 Cents	12/31/2013 Cents
Net asset value per ordinary share ⁽¹⁾	18.65	18.55	14.81	15.35

Note:-

- (1) The net asset value per ordinary share were calculated based on the net assets divided by 240,443,565 ordinary shares as at 30 June 2014 (31 December 2013: 240,443,565).

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 (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.

Statement of comprehensive income

Revenue

The revenue of the Group decreased by S\$8.88m or 52.1% from S\$17.05m in 1H2013 to S\$8.17m in 1H2014 due to lower revenue of the Consumer Electronic Products business as a result of the decrease in order from a major customer.

Gross profit

The gross profit of the Group decreased by S\$2.50m or 45.4% from S\$5.51m in 1H2013 to S\$3.01m in 1H2014 due to the lower revenue.

The gross margin of the Group increased by 4.5 percentage points from 32.3% in 1H2013 to 36.8% in 1H2014 due mainly to the contribution from a major project of Homeland Security Services business that yields higher margin.

Profit before taxation

The profit before taxation decreased by S\$1.09m or 77.4% from S\$1.41m in 1H2013 to S\$0.32m in 1H2014 attributed to the lower revenue.

The general and administrative expenses decreased by S\$0.49m or 21.2% from S\$2.32m in 1H2013 to S\$1.83m in 1H2014 mainly as a result of the effect of restructuring of the Group since 2013, namely reduction in staff costs at China operations and disposal of Explomo Security Services Pte Ltd.

The selling and marketing expenses decreased by S\$0.78m or 49.6% from S\$1.57m in 1H2013 to S\$0.79m in 1H2014, which was in line with the lower revenue of the Consumer Electronic Products business.

Total comprehensive income for the period

As a result of the above, the total comprehensive income of the Group decreased by S\$0.93m or 79.5% from S\$1.17m in 1H2013 to S\$0.24m in 1H2014.

Statement of financial position

Non-current assets

The Group non-current assets decreased by S\$0.35m or 2.1% from S\$16.80m as at 31 December 2013 to S\$16.45m as at 30 June 2014 due to the depreciation of property, plant and equipment.

Current assets

The Group current assets decreased by S\$3.82m or 9.3% from S\$40.89m as at 31 December 2013 to S\$37.07m as at 30 June 2014 due mainly to decrease in total cash balances of S\$14.06m consisting of fixed deposits and cash and bank balances. However, the decrease was moderated mainly by:

- investment in development property of S\$8.13m as described under paragraph 10;
- higher gross amount due from customers for contract work-in-progress of S\$0.88m mainly as a result of actual cost incurred and profit recognised for ongoing projects; and
- higher trade and other receivables of S\$1.24m mainly as a result of deposits made for Property Development business of S\$2.02m, moderated mainly by lower trade receivables of S\$0.57m as a result of lower revenue.

Current liabilities

The Group current liabilities decreased by S\$4.22m or 54.9% from S\$7.68m as at 31 December 2013 to S\$3.46m as at 30 June 2014 due mainly to:

- decrease in trade and other payables of S\$3.10m mainly as a result of repayments and lower purchases; and
- lower provision for taxation of S\$0.68m due mainly to repayment; and
- lower gross amount due to customers for contract work-in-progress of S\$0.41m due mainly to completion of a project.

Statement of cash flows

The cash used in operating activities of S\$6.23m in 1H2014 was due mainly to the decrease in trade and other payables, and increase in trade and other receivables and gross amount due from customers for contract work-in-progress.

The cash used in financing activities of S\$7.46m in 1H2014 was due mainly to the repayment of loan due to third parties for the Property Development business.

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

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Homeland Security Services business is a project-based business and its performance is depending on the ability of the Group to secure new projects and manage them.

The Consumer Electronic Products business, which is involved in the trading and original design and manufacturing of consumer electronic products, is in an industry that has relatively low barriers to entry and is highly competitive. The increasing operating costs in China and the ability to source and launch new products on time may affect the performance of the business. The US and Europe are the major markets of the Consumer Electronic Products business, and the consumers' consumption power and economy of these countries will directly affect the demand for our products.

The Property Development business in New South Wales and Victoria of Australia has commenced with the acquisition of a residential property in a prime area within the inner eastern suburbs of Melbourne, Australia. The sales launch of this property is expected to take place in the first half of 2015.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared or recommended for 1H2014.

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.

During 1H2014, the aggregate value of transactions entered by the Company with Colin Ng & Partners LLP and Tricor CNP Corporate Services Pte Ltd for the provision of legal and professional services were less than S\$100,000. Mr. Ng Teck Sim Colin, a director of the Company who has resigned with effect from 31 March 2014, is deemed to be interested in both companies. There was no interested person transaction entered into with value of more than S\$100,000 during 1H2014.

The Group does not have a general mandate from shareholders for IPTs pursuant to Rule 920 of Section B: Rules of Catalist of the Listing Manual of SGX-ST.

BY ORDER OF THE BOARD

Lye Chee Fei Anthony
DIRECTOR
14 Aug 2014

CONFIRMATION BY THE BOARD

We, Wong Weng Foo John and Lye Chee Fei Anthony, being two of the directors of TSH Corporation Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the 1H2014 financial statements to be false or misleading in any material aspect.

On behalf of the Board,

Wong Weng Foo John
Chairman

Lye Chee Fei Anthony
Chief Executive Officer

14 Aug 2014