ANNUAL REPORT . 2015

TSH Corporation Limited

OUR MISSION

"We are committed to scaling new heights by nurturing trust with our partners, whilst providing value-added services and excellence in quality."

CONTENTS

TSH Corporation Limited

CHAIRMAN'S STATEMENT

"It was a challenging year for our Consumer Electronic Products business, and the Group reported a loss before exceptional items and taxation of S$0.20 million as compared to a profit of S$0.97 million a year ago. Despite the loss for the year (after exceptional items and taxation) of S$6.30 million, our financial position is still strong with total cash and bank balances (including fixed deposits) of S$31.04 million out of a net assets of S$39.91 million and net asset value per share was 16.60 cents as at 31 December 2015. As a result, after taking into consideration the Group's operation needs, we are proposing a dividend of 3.0 cents per share to our loyal shareholders for their past support."

Mr. Wong Weng Foo John
Chairman

Dear shareholders,

On behalf of the Board of Directors, allow me to present the annual report of TSH Corporation Limited and its subsidiaries (the **"Group"**) for the financial year ended 31 December 2015 (**"FY15"**).

FINANCIAL HIGHLIGHTS

The revenue of the Group increased by S$14.49 million or 58.0% to S$39.49 million in FY15, but the gross profit of the Group has dropped by S$0.87 million to S$5.86 million. The higher revenue was contributed mainly by the Property business, and the lower gross profit was attributed mainly to the lower revenue and gross profit of the Consumer Electronic Products business and low margin of the Property business.

During the year, we also suffered a fair value loss of S$4.58 million on a held for trading financial asset (the **"Financial Asset"**) which was marked to market value, a loss of S$1.95 million on the disposal of a property held for development (the **"Property"**) which was sold without any development progress, and impairment on available-for-sale financial asset of S$0.48 million after marking down the carrying value to its possible recoverable value. The Financial Asset is related to the investment in the shares of Hibiscus Petroleum Berhad (**"Hibiscus"**) which is listed on the Main Market of Bursa Malaysia Securities Berhad and principally engaged in oil and gas exploration and production. As a result of the plunge in oil prices in 2015, the share price of Hibiscus has dropped significantly as at 31 December 2015 from the Company's subscription price of RM0.75. The Property was sold after taking into consideration the uncertain outlook of the high-end residential market in Australia, the capital commitment required and the holding costs. The loss on disposal was due mainly to the exchange loss suffered on the initial foreign currency borrowings made to purchase the Property as a result of the weakened Australian Dollar.

As a result, the Group reported a loss of S$6.30 million and loss per share of 2.62 cents for the year. The net asset value per ordinary share has accordingly decreased by 2.49 cents from 19.09 cents as at 31 December 2014 to 16.60 cents as at 31 December 2015.

OPERATIONS HIGHLIGHTS

Homeland Security Services business
The revenue of the Homeland Security Services business decreased slightly by S$0.64 million or 8.3% to S$7.08 million. This was due mainly to the absence of major overseas project and moderated by higher number of local projects. The profit of this business has remained fairly stable and reported a profit before taxation of S$0.36 million, a slight drop of S$0.19 million from last year.

Consumer Electronic Products business
The revenue of the Consumer Electronic Products business decreased by S$7.23 million or 48.5% to S$7.66 million. This was due mainly to the reduced orders from a major customer, the sales to new customers are not picking up as expected and the cessation of the sale of digital imaging products. This resulted in a loss before taxation of this business of S$1.64 million as compared to a profit of S$0.19 million a year ago.

Property business
With the uncertainties facing this business, we have sold all our properties held for development and recorded a revenue of S$22.03 million for FY15. This business recorded a loss of S$2.23 million attributed mainly to the Property mentioned above.

Corporate and Others business
The revenue of the Corporate and Others business increased slightly by S$0.33 million to S$2.72 million. This business suffered a loss of S$3.56 million mainly as a result of the fair value loss on the Financial Asset as mentioned above. However, this was moderated mainly by exchange gain of S$1.13 million.

DIVIDENDS

Despite the loss suffered for the year, the directors have decided to recommend a first and final one-tier tax-exempt dividend of 3.0 cents per ordinary share which will amount to approximately S$7.21 million. The directors have taken into consideration the strength of the Group's financial position as at 31 December 2015, the accumulated profit of the Company of S$11.30 million, the cash and bank balances (including fixed deposits) of S$31.04 million and the funds required for operations and obligations in the near future.

PROSPECTS

Going forward, barring any unforeseen circumstances, the consumer electronics market will continue to remain challenging and highly competitive while the Homeland Security Services business will remain fairly consistent until we are able to secure major projects, overseas or locally.

Currently, given that we do not have any property held for development and will not be taking an active approach for the Property business in the near future, we do not expect any contribution from this business in the near term.

Despite the uncertainties in the market, we will continue to focus on ways and opportunities to enhance shareholders' value whenever possible.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to thank our valuable clients, business partners and shareholders for their confidence and continued support for the past year. To the directors and employees, I would like to express my gratitude for their unfailing dedication, adaptability and commitment during the year.

Mr. Wong Weng Foo John
Chairman

CORPORATE PROFILE

The main businesses of TSH Corporation Limited (**"TSH"** or the **"Company"**) are the Homeland Security Services business, the Consumer Electronic Products business and the Property business.

HOMELAND SECURITY SERVICES BUSINESS

Our interest in the Homeland Security Services business is carried out by a wholly-owned subsidiary, Explomo Technical Services Pte Ltd (**"Explomo Technical"**).

Explomo Technical was incorporated in 1988 and is involved in the following businesses:

(a) Defence Related Materials Disposal and Recycling Services;

(b) Land Remediation Services;

(c) Security Consultancy Services;

(d) Civil Defence Shelter Services; and

(e) Supply and choreography of pyrotechnic and firework displays.

The Defence Related Materials Disposal and Recycling Services refer to the demilitarisation of ammunitions in an ecologically sound and environmental friendly way using plant and equipment or open disposal services. Besides, the services include the supply and installation of demilitarisation plant and equipment for customers. During our 27 years of operating history, we have recycled/disposed of several thousand tons of ammunition and explosives stockpile and assisted in the supply and installation of demilitarisation plant and equipment locally and overseas.

Safety briefing in progress

We have also been disposing/recycling the commercial pyrotechnics from airbags, aircraft fire extinguishers, life rafts, distress flares, firework shows, oil and gas industry, etc.

The Land Remediation Services refer to the detection and clearance of unexploded ordnance (**"UXO"**) from designated areas so as to render those areas safe from hazards posed by UXO found in both military and civilian settings. We have performed land remediation services around the region since 1997.

Scanning in progress

We have been qualified by the Kuwait Oil Company (a Government-owned company) to participate in activities involving ordnance clearance in Kuwait since 2012. Under Kuwait's Environment Rehabilitation Program, the contractor of each construction or environment clearance project has to appoint an approved land remediation company to carry out ordnance detection and clearance works before any works begin.

The Security Consultancy Services refer to the conduct of bomb searches, sweeps and related security protective measures and training. The services are offered to any entity, public or private, that wishes to improve its protection against bomb threats and other security issues.

Demolition in progress

HOMELAND SECURITY SERVICES BUSINESS - *continued*

The Civil Defence Shelter Services refer to the supply of civil defence shelter ventilating components and the provision of related engineering and testing services for civil defence applications.

Inspection and testing in progress

This business started in 2000 and its integrated services include:-

- selection of shelter ventilating components, which include ventilating units, explosion protection valves, filters and related furnishings;
- site installation or provision of supervision;
- conduct of tests for completed civil defence shelters such as air-tightness, airflow regime and overpressure, and air-conditioning and mechanical ventilation system integrity; and
- after sales customer service and maintenance for equipment.

Our track records in this area include the supply of related equipment and services to schools, government bodies, hospitals, private corporates and MRT stations.

2016 Chingay @ Toa Payoh

The supply and choreography of pyrotechnic and firework displays are carried out for the entertainment industry locally and overseas since 1989. We have also started to provide laser shows during the year. The prominent projects that we were involved include:

Categories	Projects
International events	• Singapore Youth Olympic Games opening and closing ceremonies • Work Cup Cricket opening, quarter final and celebrity shows at Dhaka • IMF Singapore shows • Commonwealth Games in Kuala Lumpur • South Asian Games
National events	• Singapore National Day Parade • New Year Eve countdown • River Hong Bao • Singapore Fireworks Competition
Theme park	• Resorts World Sentosa's Universal Studios theme park
Corporate events	• Resorts World Sentosa's opening ceremonies • America Independence Day celebration in Singapore • Grand opening of Esplanade Theatres by the Bay • Grand opening of Petronas Twin Towers in Kuala Lumpur
Concerts/shows	• Disney on Ice • Taylor Swift: The 1989 World Tour in Singapore • Sesame Street grand opening • Phantom of the Opera • Rihanna vs. The Killer Tour

HOMELAND SECURITY SERVICES BUSINESS - *continued*

We aim to become the preferred creative defence related materials recycling/disposal solutions provider in the industry locally and overseas.

In addition, we will also continue to provide high quality and value-add pyrotechnic and firework display services to strengthen our reputation as a reliable premium fireworks service provider in the entertainment industry locally and overseas.

CONSUMER ELECTRONIC PRODUCTS BUSINESS

Our interest in the Consumer Electronic Products business is carried out mainly by a wholly-owned subsidiary, WoW Technologies (Singapore) Pte Ltd (**"WoW"**).

WoW was incorporated in March 2010 and is currently involved in the design and development of consumer electronic products such as wired or wireless headphones, earphones and speakers.

Currently, we are carrying 3 brands, namely Nakamichi (Licensed), Aegis (owned) and WoW (owned). The current sales channels include chain stores in the USA and online retailers.

Nakamichi®

AEGIS PRO

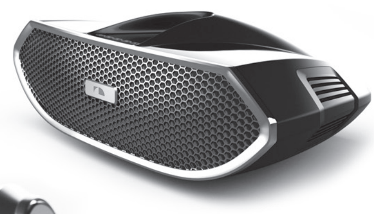
WOW
www.wowtech.com.sg

Since the end of last year, we have invested in research and development of new audio products. The latest products that we have launched include Shockwafe Pro 7.1 which is a 7.1 channel 46" width sound bar designed to provide widest surround and true-to-life clarity, and Aegis Pro which is a wireless headphone designed to protect the user from the risk of hearing loss while providing studio quality audio performance.

We will continue to focus on providing quality, creative and value-add products to our customers, and expanding our customer base and geographical footprint to create awareness of our products in the industry.

Pro series wireless speaker

Aegis headphone



Pro series wireless speaker

PROPERTY BUSINESS

Our interest in the Property business is held through a wholly-owned subsidiary, TSH Land Pte Ltd (**"TSH Land"**). Currently, we are restricted to carry out the Property business only in the states of Victoria and New South Wales in Australia.

During the year, we have sold the following 3 properties purchased for redevelopment:

Description & Location	Site Area (Sq. Metres)	Tenure
Residential		
Orrong Road, Toorak, Melbourne, Australia	2,055	Freehold
St Georges Road, Toorak, Melbourne, Australia	1,749	Freehold
Evans Court and Glyndebourne Avenue, Melbourne, Australia	4,696	Freehold

Following the disposals above, we will not be taking an active approach in the near term to source for new property businesses. Nevertheless, we will not resist opportunities with good terms and conditions after careful and thorough assessment.

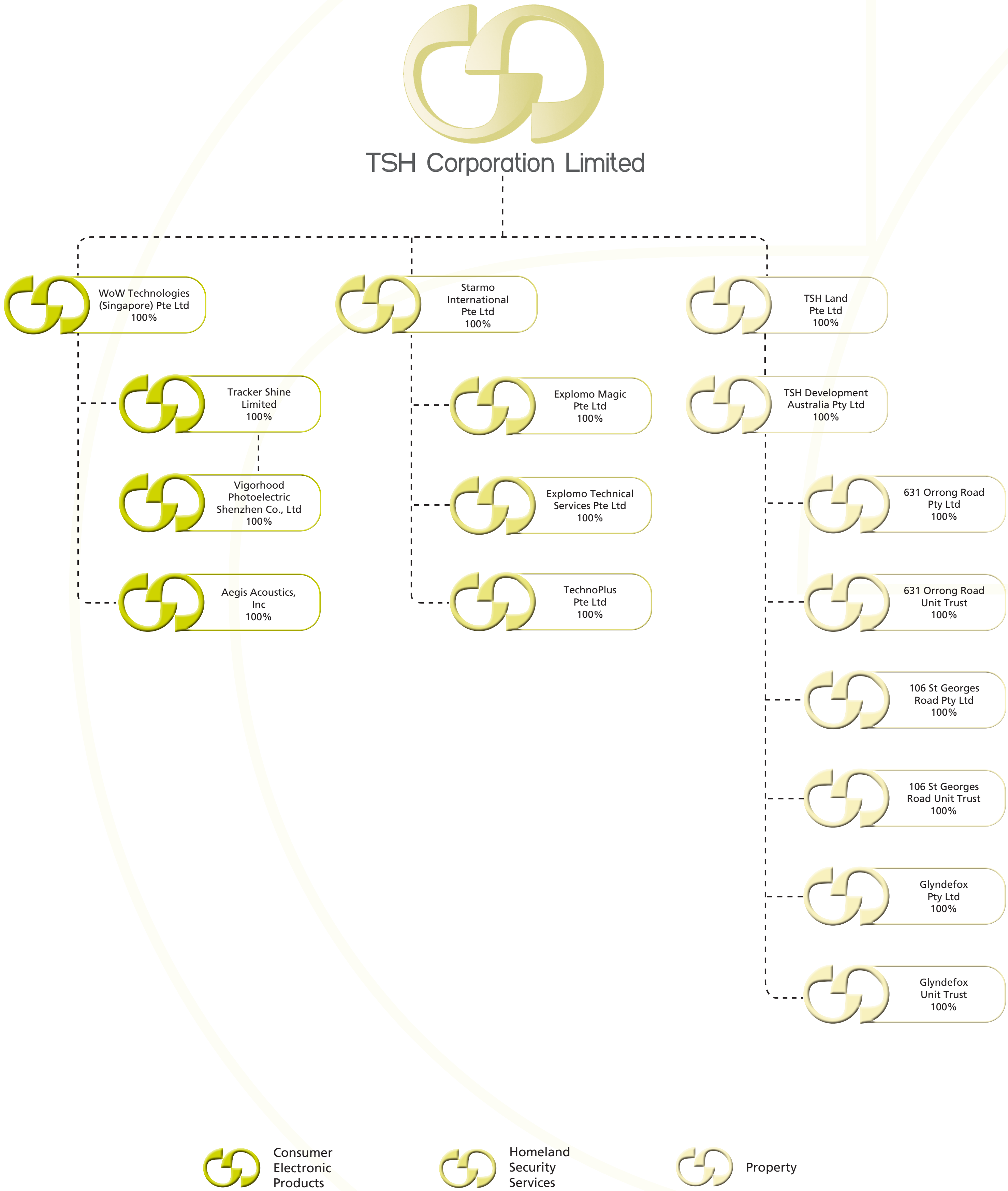
CONSULTING BUSINESS

During the year, we have ceased our Consulting business which was not a core business of the Group. Our interest in the Consulting business was previously carried out by a wholly-owned subsidiary, Explomo Consulting Pte Ltd (**"Explomo Consulting"**).

Explomo Consulting was incorporated in August 2010 and was principally engaged in events management and human resource services.

During the year, we disposed of this subsidiary for a consideration of S$650,000 to focus our resources on the scalable core businesses.

CORPORATE STRUCTURE
- As at 31 December 2015



BOARD OF DIRECTORS

Mr. Lye Chee Fei Anthony
Group Chief Executive Officer and Executive Director

Mr. Wong Weng Foo John
Non-Executive Chairman and Independent Director

Mr. Tan Dah Ching
Non-Executive and Independent Director

Mr. Teo Kok Woon
Non-Executive Director

NOMINATING COMMITTEE

Mr. Tan Dah Ching
Chairman

Mr. Teo Kok Woon
Mr. Wong Weng Foo John

REMUNERATION COMMITTEE

Mr. Wong Weng Foo John
Chairman

Mr. Tan Dah Ching
Mr. Teo Kok Woon

AUDIT COMMITTEE

Mr. Wong Weng Foo John
Chairman

Mr. Tan Dah Ching
Mr. Teo Kok Woon

COMPANY SECRETARY

Ms. Chan Lai Yin (appointed on 9.2.2009)

REGISTERED OFFICE

62 Burn Road
#06-01 TSH Centre
Singapore 369976
Tel : (65) 6281 2105
Fax : (65) 6281 2106
Email : contact@tshcorp.com.sg
Website : www.tshcorp.com.sg

COMPANY REGISTRATION NO.

200003865N

AUDITORS

Ernst & Young LLP
Engagement Partner: Gajendran Vyapuri (with effect from financial year ended 31 December 2013)

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place
Singapore Land Tower #32-01
Singapore 048623

PRINCIPAL BANKERS

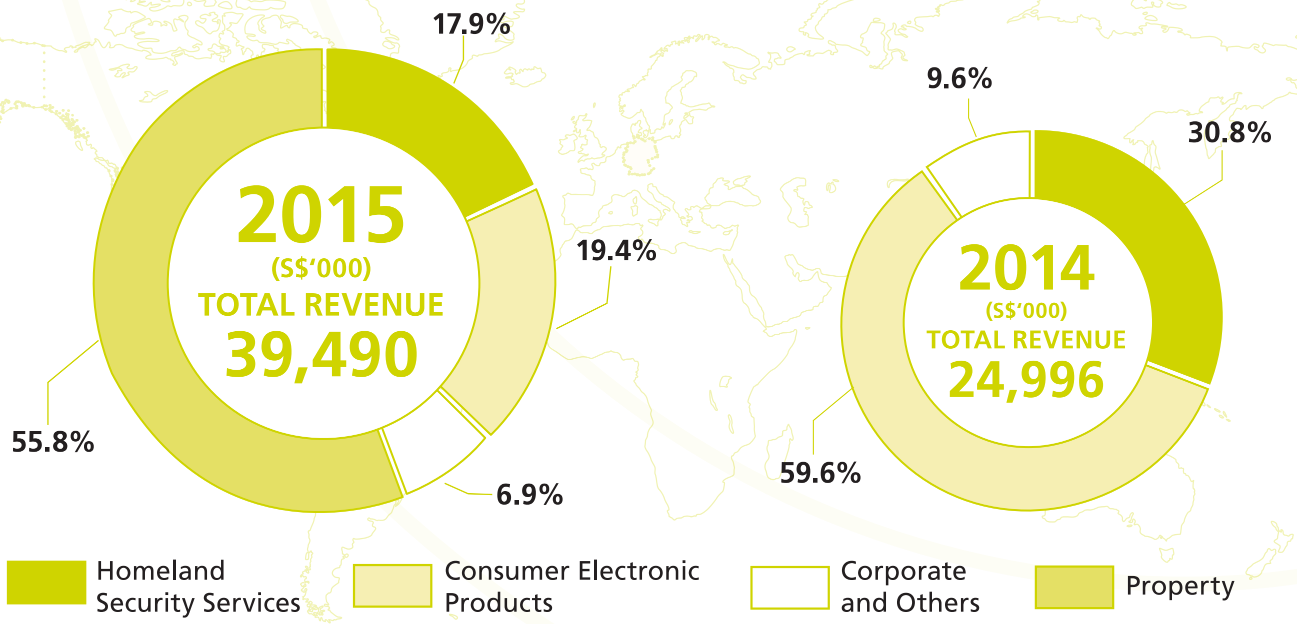
Australia and New Zealand Banking Group Ltd
CIMB Bank Berhad
DBS Bank Ltd
Malayan Banking Berhad
National Australia Bank Ltd
RHB Bank Berhad
United Overseas Bank Ltd

FINANCIAL HIGHLIGHTS

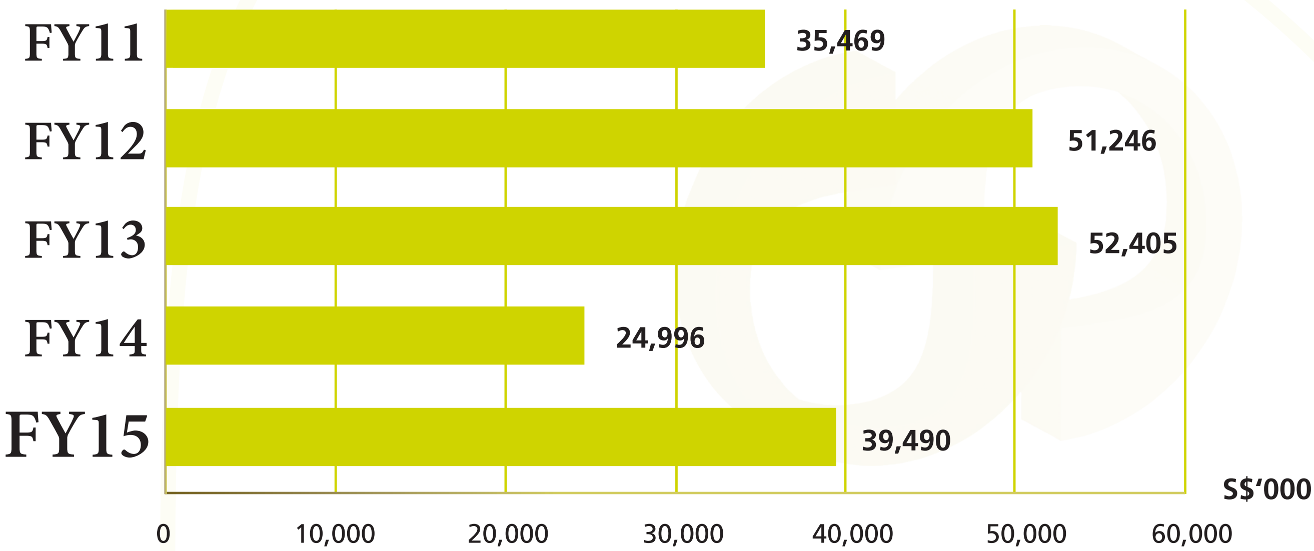
	FY11 S$'000	FY12 S$'000	FY13 S$'000	FY14 S$'000	FY15 S$'000
Revenue (External Parties)					
Homeland Security Services	16,512	22,316	18,050	7,714	7,077
Consumer Electronics Products	18,348	27,012	31,845	14,888	7,662
Corporate and Others	609	1,918	2,510	2,394	2,721
Property	-	-	-	-	22,030
Total Group Revenue	**35,469**	**51,246**	**52,405**	**24,996**	**39,490**
Profit/(Loss) before exceptional items, share of results of associates and taxation	**(3,118)**	**591**	**4,800**	**965**	**(204)**
Share of results of associates	27	-	-	-	-
Exceptional items	(5,856)	-	(1,567)	-	(6,864)
Profit/(Loss) before taxation	**(8,947)**	**591**	**3,233**	**965**	**(7,068)**

	Cents	Cents	Cents	Cents	Cents
Basic Earnings/(Loss) Per Share ("EPS")	**(3.54)**	**0.22**	**1.09**	**0.43**	**(2.62)**
Net Asset Value Per Share	**17.23**	**17.42**	**18.55**	**19.09**	**16.60**
Net Gearing Ratio	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**

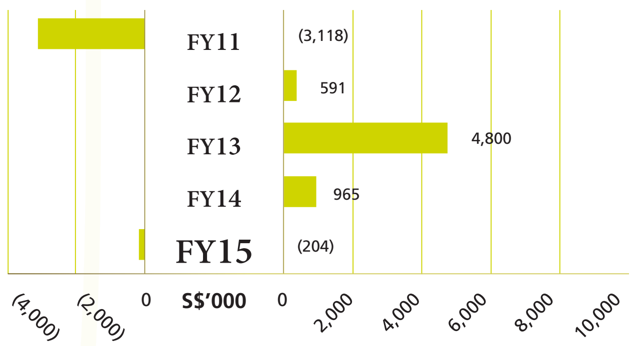
REVENUE BY BUSINESS DIVISION



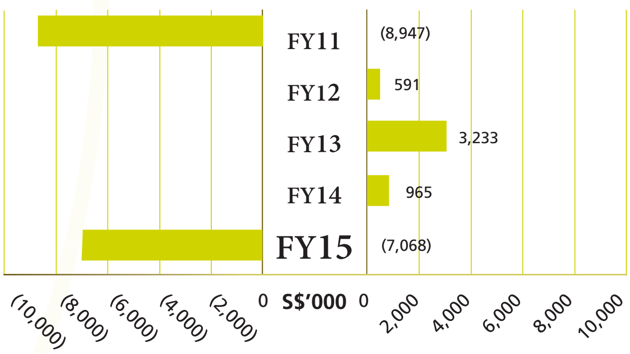
REVENUE (EXTERNAL PARTIES)



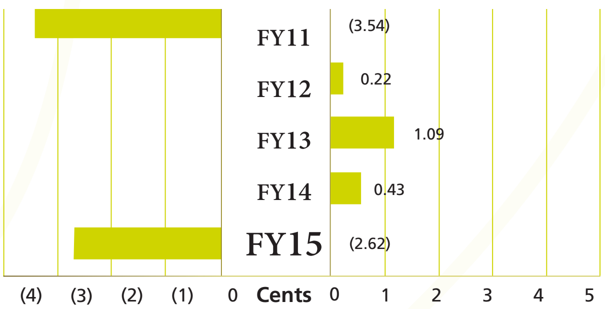
Profit/(Loss) before exceptional items, share of results of associates and taxation



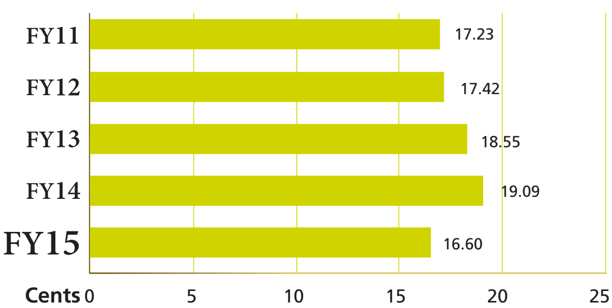
Profit/(Loss) before taxation



EPS



Net Asset Value Per Share



OPERATIONS REVIEW

TSH Corporation Limited (the "**Company**" and together with its subsidiaries, the "**Group**") organises its business operations into four (4) main segments, namely the Homeland Security Services business, the Consumer Electronic Products business, the Property business and the Corporate and Others business.

The businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and services to different markets.

OVERALL

INCOME STATEMENT

The revenue of the Group increased by S$14.49m or 58.0% from S$25.00m for the financial year ended 31 December 2014 (**"FY14"**) to S$39.49m for the financial year ended 31 December 2015 (**"FY15"**). This was contributed mainly by the Property business from the sale of properties held for development in FY15 but moderated mainly by the decrease in revenue of the Consumer Electronic Products business.

The gross profit of the Group decreased by S$0.87m or 13.0% from S$6.73m in FY14 to S$5.86m in FY15 due mainly to the lower revenue of the Consumer Electronic Products business and the low gross profit generated from the Property business.

The gross margin of the Group decreased by 12.1 percentage points from 26.9% in FY14 to 14.8% in FY15 due to the thin gross margin of the Property business.

The Group reported a loss before exceptional items and taxation of S$0.20m in FY15 as compared to a profit of S$0.97m in FY14 mainly as a result of the lower gross profit generated and higher general and administrative expenses.

The general and administrative expenses increased by S$0.43m or 11.6% from S$3.69m in FY14 to S$4.12m in FY15 due mainly to the expenses incurred to research on new products for the Consumer Electronic Products business.

The other operating expenses increased by S$0.03m or 24.3% from S$0.12m in FY14 to S$0.15m in FY15 due mainly to:

- impairment of inventories of S$0.21m mainly as a result of a decline in selling price of the inventories of the Consumer Electronic Products business;

- write-off of intangible assets of S$0.21m subsequent to the abortion of a product development project of the Consumer Electronic Products business;

- impairment of trade receivables of S$0.17m attributed mainly to the liquidation of a customer of the Consumer Electronic Products business; and

- moderated mainly by the exchange gain of S$1.13m attributed mainly to the receivables denominated in United States Dollar.

There were four (4) exceptional items in FY15 which comprised:

- the fair value loss of S$4.58m on a held for trading financial asset (the **"Financial Asset"**) which was marked to market value. The Financial Asset is related to the investment in the shares of Hibiscus Petroleum Berhad (**"Hibiscus"**) which is listed on the Main Market of Bursa Malaysia Securities Berhad and principally engaged in oil and gas exploration and production. As a result of the plunge in oil prices in 2015, the share price of Hibiscus has dropped significantly as at 31 December 2015 from the Company's subscription price of RM0.75;

- the loss of S$1.95m on disposal of a property held for development (the **"Property"**) which was sold without any development progress. The Property was sold after taking into consideration the uncertain outlook of the high-end residential market in Australia, the capital commitment required and the holding costs. The loss was due mainly to the exchange loss suffered on the initial foreign currency borrowings made to purchase the Property as a result of the weakened Australian Dollar;

- the impairment of available-for-sale financial asset (the Investment as mentioned below) of S$0.48m after marking down the carrying value of the investment to its possible recoverable value; and

- the gain on disposal of a subsidiary of S$0.14m.

As a result of the above and the credit balance of taxation of S$0.77m mainly due to the loss for the year, the Group reported a loss of S$6.30m in FY15 as compared to a profit of S$1.04m in FY14.

BALANCE SHEET

The Group non-current assets decreased by S$11.75m or 71.4% from S$16.46m as at 31 December 2014 to S$4.71m as at 31 December 2015 due mainly to the classification of the freehold land and building (the **"Building"**) and the available-for-sale financial asset as assets held for sale under current assets in FY15 subsequent to the decision to dispose of them. The Building is currently carried at cost less depreciation and the sale will unlock its value. The available-for-sale financial asset is a 26.5% interests in a Hong Kong private company, Unilink Development Limited, with operating subsidiaries in China (the **"Investment"**). As the Investment has not been generating income or return to the Company for the past few years, the intended disposal will allow the Group to improve its balance sheet and to generate cash from the disposal proceeds.

However, the decrease was moderated mainly by the recognition of deferred tax assets of S$0.73m as at 31 December 2015.

The Group current assets increased by S$6.40m or 14.8% from S$43.36m as at 31 December 2014 to S$49.76m as at 31 December 2015. The increase was due mainly to:

- the assets held for sale of S$11.84m which were classified under non-current assets previously as mentioned above;

- the investments of the Financial Asset in FY15; and

- the increase in total cash balances (consisting of fixed deposits and cash and bank balances) of S$10.78m.

However, the increase was moderated by:

- the sale of all the development properties of S$16.07m in FY15;
- lower gross amount due from customers for contract work-in-progress of S$1.44m mainly as a result of progress billings for a major ongoing project and completion of projects; and
- lower trade and other receivables of S$0.49m due mainly to the reversal of deposit paid for the purchase of a property for development, partly offset by higher advance to suppliers for the manufacturing of consumer electronic products and increase in trade receivables as a result of higher sales near the year end.

The Group current liabilities increased by S$5.42m or 60.4% from S$8.96m as at 31 December 2014 to S$14.38m as at 31 December 2015 due to the classification of non-current borrowings for the Building as current liabilities subsequent to the decision to sell it, and an increase in short-term borrowings.

However, the increase was moderated mainly by lower trade and other payables due mainly to lower purchases of the Consumer Electronic Products business which was in line with the lower sales in FY15, and the absence of trade and other payables of the subsidiary disposed of in FY15.

The Group non-current liabilities decreased by S$4.78m or 96.4% from S$4.96m as at 31 December 2014 to S$0.18m as at 31 December 2015 due mainly to the classification of non-current borrowings as current liabilities as mentioned above.

STATEMENT OF CASH FLOWS

The cash and cash equivalents increased by S$10.41m in FY15 mainly attributable to cash flows generated from operating activities of S$14.78m and financing activities of S$2.36m, but moderated by cash flows used in investing activities of S$6.73m.

The cash flows generated from operating activities of S$14.78m in FY15 was attributed mainly to the sale of all the development properties and the decrease in net gross amount due from customers for contract work-in-progress, but moderated mainly by operating loss for the year, decrease in trade and other payables and increase in trade and other receivables.

The cash flows generated from financing activities of S$2.36m in FY15 was due mainly to the net proceeds from borrowings.

The cash flows used in investing activities of S$6.73m in FY15 was attributed mainly to the purchase of the Financial Asset.

HOMELAND SECURITY SERVICES BUSINESS

The revenue of this business has decreased slightly from S$7.71m in FY14 to S$7.08m in FY15 as a result of the absence of major overseas projects, but it was moderated by higher number of local projects. This explained the increase in Singapore's revenue and the decrease in revenue from the geographical location under Others.

The business has remained fairly stable, and profit before taxation of this business decreased by S$0.19m from S$0.56m in FY14 to S$0.36m in FY15.

The Group has substantially completed the project to provide civil defence equipment for Downtown Line Stage 2 and will be providing equipment for Thomson Line. The Group is also exploring overseas projects to grow the business, especially in Kuwait, where there are strong demands for land remediation services under the country's environment rehabilitation program.

As this business is project-based, the challenges lie mainly in securing new projects, obtaining sufficient financial resources to carry out the projects and managing them. The Group endeavours to maintain its utmost quality services to foster its ties with existing partners so as to gain trust and more business opportunities from them.

CONSUMER ELECTRONIC PRODUCTS BUSINESS

The revenue of this business fell by S$7.23m or 48.5% from S$14.89m in FY14 to S$7.66m in FY15 as a result of a decrease in orders from a major customer, orders from new customers not picking up as expected and the cessation of the sale of digital imaging products. These explained the drop in revenue from the USA, Taiwan and Germany.

The gross margin of the business has improved by 4.0 percentage points subsequent to the cessation of digital imaging products.

The business reported a loss of S$1.64m in FY15 as compared to a profit before taxation of S$0.19m in FY14 due mainly to the lower revenue generated, impairment of inventories and write off of development costs capitalised.

During the year, the Group has terminated the contract with its exclusive distributor, Reliance Communications, LLC., for the markets in the United States of America (**"USA"**) and Canada after it failed to meet the minimum purchases condition. The Group has also ceased the operations of a subsidiary, Vigorhood Photoelectric Shenzhen Co., Ltd, which focused on the design and manufacturing of digital imaging products in view of its low margin and declining sales.

In early 2016, the Group has launched two (2) new audio products and is trying to market them to new customers.

This business has relatively low barriers to entry and is highly competitive. The increasing costs in China, the ability to source and launch new products on time and to secure new customers may affect the performance of this business. The USA consumer market, which is the major market of this business, is directly affected by the economic uncertainties. These uncertainties may hamper the demand for the Group's products.

The Group is cautiously handling its sales in the USA to minimise losses arising from credit risk exposures, and endeavours to expand the customer base and geographical area and monitor the operational costs tightly to improve the performance of this business amid the challenging environment.

PROPERTY BUSINESS

In FY15, three (3) properties bought for development were sold with works and plans completed at various stages of the development after evaluating the risks and rewards at each stage of development. This explained the revenue from Australia of S$22.03m.

The business reported a loss before taxation of S$2.23m due mainly to the loss on disposal of the Property as mentioned above.

Following the sales, the Group has no more property held for development and will not be taking an active approach for the Property business in the near future. Therefore, the Group should not expect any contribution from this business in the near term.

CORPORATE AND OTHERS BUSINESS

The revenue of this business has increased slightly from S$2.39m in FY14 to S$2.72m in FY15 as a result of higher revenue generated from the events management services.

The Corporate and Others business reported a loss before taxation of S$3.56m in FY15 as compared to a profit before taxation of S$0.32m in FY14 attributable mainly to the fair value loss of S$4.58m on the Financial Asset as mentioned above, but moderated mainly by the exchange gain of S$1.13m attributed mainly to the receivables denominated in United States Dollar.

During the year, the Group disposed of its subsidiary, Explomo Consulting Pte Ltd which is engaged in the events management services, for a consideration of S$650,000 and recognised a gain on disposal of approximately S$0.14m as mentioned above. This is in line with the Group's plan to focus its resources on the scalable core businesses. In addition, it enables the Group to unlock the value of the subsidiary above its book value and in turn enhance shareholders' value.

The Group strives to optimise its operational efficiency through streamlining of internal systems and processes, restructuring and reallocation of assets and resources.

BOARD OF DIRECTORS

Mr. Wong Weng Foo John
Non-Executive Chairman and Independent Director

Mr. Lye Chee Fei Anthony
Group Chief Executive Officer and Executive Director

Mr. Tan Dah Ching
Non-Executive and Independent Director

Mr. Teo Kok Woon
Non-Executive Director

Mr. Wong Weng Foo John
Non-Executive Chairman and Independent Director

Mr. Wong currently chairs the Audit and Remuneration Committees and is a member of the Nominating Committee.

He was a general partner at General Atlantic Partners, LLC, a worldwide private equity firm, and the Group Managing Director for Hong Leong Corporation. Previously, he was also the Vice Chairman of China Yuchai Ltd, Managing Director of IBM Singapore, Sri Lanka and Brunei, a Trustee of Singapore Management University, and a Director of the Singapore Institute of Management, Asia Dekor Holdings Limited, Asia Dekor Pte Ltd and Goodpack Limited.

Mr. Wong holds a MBA from Brunel University (UK) and completed the Advanced Management Programme at the University of Hawaii.

Mr. Lye Chee Fei Anthony
Group Chief Executive Officer and Executive Director

Mr. Lye is responsible for the Group's overall business growth, strategic initiatives and direction.

He has over 19 years of operating, management and investing experience, ranging from stock-broking to start-up investments and entrepreneurship. He has spent the last 14 years successfully developing new ideas and setting up companies, with a particular focus on emerging trends, waste recycling, manpower management and consumer electronics.

Mr. Lye is a graduate of University of Oxford where he read Strategy and Innovation, holds a MBA from Imperial College of Science and Technology London, a Master in Accountancy from Nanyang Technological University and a Doctorate degree in Management focused on the interrelationship between corporate strategy and comparative business systems. He is also a member of the Institute of Explosive Engineers of Singapore, a Chartered Accountant with the Institute of Singapore Chartered Accountants and an alumni of Oriel College, University of Oxford.

Mr. Tan Dah Ching
Non-Executive and Independent Director

Mr. Tan currently chairs the Nominating Committee and is a member of the Audit and Remuneration Committees.

He has over 10 years of experience in Corporate Finance. He was a Business Development Manager at Swissco Holdings Limited in charge of corporate finance activities. Prior to that, he worked as an Investment Manager at Kim Seng Holdings Pte Ltd and was an Issue Manager at Genesis Capital Pte Ltd.

Mr. Tan holds a Bachelor degree in Chemical Engineering from the National University of Singapore.

Mr. Teo Kok Woon
Non-Executive Director

Mr. Teo is a member of the Audit, Nominating and Remuneration Committees.

He is currently the Chairman of Cockpit International Pte Ltd and the Group Executive Director of Goodearth Realty Pte Ltd, which is his family business in the hotel and property investment.

Mr. Teo holds a Bachelor degree in Business Administration from the Royal Melbourne Institute of Technology University.

EXECUTIVE MANAGEMENT TEAM

HEAD OFFICE

Mr. Lye Chee Fei Anthony
Group Chief Executive Officer and Executive Director

Mr. Ng Kim Chew
Group Chief Financial Officer

SUBSIDIARIES

Explomo Technical Services Pte Ltd ("Explomo Technical")

Mr. Lee Kim Chye James
Chief Executive Officer and Director

HEAD OFFICE

Mr. Lye Chee Fei Anthony
Group Chief Executive Officer
and
Executive Director

Mr. Ng Kim Chew
Group Chief Financial Officer

Mr. Ng joined the Company since March 2004 and has since been overseeing the functions of corporate finance, risk management, audit, tax, human resource, administration, treasury, and operational and financial reporting of the Group. He is also an executive director of two (2) wholly-owned subsidiaries of the Group, WoW Technologies (Singapore) Pte Ltd and TSH Land Pte Ltd.

Prior to joining the Group, he was a manager of the assurance & advisory business services division of Ernst & Young LLP, Singapore.

Mr. Ng is a Fellow of Association of Chartered Certified Accountants and a Chartered Accountant with the Institute of Singapore Chartered Accountants. He holds an MBA as well as a graduate certificate in real estate finance from the National University of Singapore.

SUBSIDIARIES

Explomo Technical Services Pte Ltd ("Explomo Technical")

Mr. Lee Kim Chye James
Chief Executive Officer
and
Director

Mr. Lee has been at the helm of Explomo Technical since 1993. He is responsible for the development and charting of the business strategies of the Homeland Security Services business of the Group.

Prior to setting up Explomo Technical, he was a military ammunition officer with the Singapore Armed Forces from 1971 to 1990, and an Explosives & Industrial Safety Manager with the Singapore Defence Industries from 1990 to 1993. In addition, he has also held many secretarial appointments with committees involving explosives safety at the national level while in military service.

Mr. Lee holds a MBA from Preston University. He is also the Vice President of the Institute of Explosives Engineers, Singapore, and a certified graphologist with International School of Handwriting Analysis, USA.

REPORT ON CORPORATE GOVERNANCE

The Board of Directors (the **"Board"**) of TSH Corporation Limited (the **"Company"**) is committed to maintaining a high standard of corporate governance within the Company and its subsidiaries (the **"Group"**). Good corporate governance establishes and maintains an ethical environment in the Group, which strives to enhance the interests of the shareholders of the Company (the **"Shareholders"**).

The Company believes that the Code of Corporate Governance 2012 (the **"Code"**), which forms part of the continuing obligations of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited (the **"SGX-ST"**) (**"Catalist Rules"**), serves as a practical guide in defining duties and responsibilities of the Board. The Company will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time to ensure compliance with the principles and guidelines set out in the Code, where appropriate.

A. BOARD MATTERS

Principle 1 : The Board's Conduct of Affairs

The Board recognises that it is collectively responsible for the success of the Company by setting strategic objectives and strives to protect and enhance long-term shareholders' value.

The Board's principal functions include:

(a) setting and approving broad policies, strategies and objectives of the Company;
(b) monitoring and reviewing the performance of the management (the **"Management"**);
(c) overseeing and evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
(d) approving annual budgets, major funding proposals, investment and divestment proposals;
(e) assuming responsibility for the corporate governance framework of the Company as well as setting the Company's values and standards; and
(f) considering sustainability issues as part of its formulation of the Group's strategic directions.

All Directors exercise due diligence and independent judgement, and are obliged to act in good faith and consider at all times the interest of the Group.

Matters which are specifically reserved for the approval of the Board include, among others, any material acquisitions and disposals of assets and major undertakings (other than in the ordinary course of business), approval of financial results and interested person transactions.

Certain functions have been delegated to various board committees, namely, the Audit Committee (the **"AC"**), the Nominating Committee (the **"NC"**) and the Remuneration Committee (the **"RC"**) (individually, the **"Board Committee"** and collectively, the **"Board Committees"**). Further information regarding the functions of the respective Board Committees is set out in the later part of this report.

The Board acknowledges that while these various Board Committees have the authority to examine particular issues and report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the Board.

The Board conducts regular scheduled meetings. During the financial year ended 31 December 2015 (**"FY15"**), the Board conducted two (2) regular scheduled meetings. Ad-hoc meetings are convened as and when circumstances require. The Company's Constitution (the **"Constitution"**) allows Board meetings to be conducted by way of teleconferencing, provided that the requisite quorum of at least two (2) Directors are present. Minutes of all Board meetings and Board Committee meetings are circulated for review and confirmation, enabling the respective members to keep abreast of matters discussed at such meetings.

A. BOARD MATTERS - *continued*

Principle 1 : The Board's Conduct of Affairs - *continued*

The number of Board meetings and Board Committee meetings held in FY15 and the attendance of each Board member at those meetings are as follows:

Attendance Record of the Board and Board Committee Meetings

	Board		Audit Committee		Remuneration Committee		Nominating Committee	
Directors	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Lye Chee Fei Anthony*	2	2	2	2	1	1	1	1
Teo Kok Woon	2	1	2	1	1	0	1	0
Wong Weng Foo John	2	1	2	1	1	1	1	1
Tan Dah Ching	2	2	2	2	1	1	1	1

*Mr Lye Chee Fei Anthony was present at the Audit, Remuneration and Nominating Committees meetings by invitation.

A formal letter will be sent to newly-appointed Directors upon their appointment explaining their duties and obligations as director. New Directors, upon appointment, will also be briefed on the Company's business and governance practices. All Directors are provided with regular updates on changes in the relevant laws, regulations and commercial risks, to enable them to make well-informed decisions and to ensure that the Directors are competent in carrying out their expected roles and responsibilities.

The Directors may also attend other trainings, conference and seminar that have a bearing on their duties and contribution to the Board, organised by professional bodies, regulatory institutions and corporations at his own or the Company's expense.

In FY15, the Directors were provided with updates on changes in the relevant laws, regulations and Singapore Financial Reporting Standards by the external auditors and the Company Secretary.

Principle 2 : Board Composition and Guidance

The Board comprises four (4) Directors. The key information of the Board members is set out under "Principle 4: Board Membership" of this report and the "Board of Directors" section in the annual report. The Group Chief Executive Officer (**"CEO"**) is the only Executive Director. Of the three (3) remaining Directors, two (2) are Non-executive and Independent Directors while one (1) is Non-executive.

The Board members as of the date of this report are:

Lye Chee Fei Anthony	(CEO)
Wong Weng Foo John	(Non-executive Chairman and Independent Director)
Tan Dah Ching	(Non-executive and Independent Director)
Teo Kok Woon	(Non-executive Director)

There is a strong and independent element on the Board with Independent Directors making up half of the Board composition. The requirement of the Code that at least one-third of the Board consists of independent directors is satisfied.

A. BOARD MATTERS - *continued*

Principle 2 : Board Composition and Guidance - *continued*

The current size of the Board is appropriate to facilitate effective decision making, taking into account the scope and nature of the operations of the Company. The Board will continue to review the size of the Board on an ongoing basis. As a team, the Board collectively provides core competencies in the areas of finance and business.

The Non-executive Directors review the performance of the Management of the Company on a regular basis and are encouraged to meet regularly without the Management's presence in order to facilitate a more effective check on the Management.

Principle 3 : Chairman and Chief Executive Officer

The roles of the Chairman and Chief Executive Officer (**"CEO"**) are separate and their responsibilities are clearly defined to ensure an appropriate balance of power and authority within the Company.

As the Chairman, Mr Wong Weng Foo John is responsible for, among others, exercising control over the quality, quantity and timeliness of the flow of information between the Management and the Board, ensuring effective communication with Shareholders and promoting high standards of corporate governance.

The CEO, Mr Lye Chee Fei Anthony, is responsible for managing the businesses of the Group and implementing the Board's decisions.

All major decisions made by the CEO are reviewed by the AC. The CEO's performance and appointment to the Board is reviewed annually by the NC and his remuneration is reviewed annually by the RC.

Principle 4 : Board Membership

Recommendation for nominations of new Directors and retirement of Directors are made by the NC and considered by the Board as a whole.

As at the date of this report, the NC comprises the following members, the majority of whom including the Chairman are Independent Directors:

Tan Dah Ching	(Chairman)
Wong Weng Foo John	(Member)
Teo Kok Woon	(Member)

A. BOARD MATTERS - *continued*

Principle 4 : Board Membership - *continued*

The principal functions of the NC stipulated in the terms of reference are summarised as follows:

(a) Reviews and makes recommendations to the Board on all Board appointment and re-appointment;

(b) Reviews the Board structure, size and composition and makes recommendations to the Board with regards to any adjustments that are deemed necessary;

(c) Reviews the Board's succession plans for Directors, in particular, the Chairman and the Chief Executive Officer;

(d) Determines the independence of the Board;

(e) Assesses the effectiveness of the Board and contribution of each Director; and

(f) Reviews training and professional development programmes for the Board.

For new appointments to the Board, the NC will consider the current size, composition and diversity of the Board, and decide if the candidate's background, expertise and knowledge will complement the skills and competencies of the existing Directors on the Board. The candidate must be a person of integrity and able to commit sufficient time and attention to the affairs of the Company, especially if he is serving on multiple Boards.

If a vacancy arises under any circumstances, or where it is considered that the Board would benefit from the services of a new Director, the NC, in consultation with the Board, will determine the selection criteria taking into consideration the aforementioned and select the appropriate candidate for the position.

In its search and nomination process for new Director, other than through a formal search process via external search consultants, if required, the NC will also tap on to the resources of the Directors' personal contacts and their recommendations for potential candidates. The NC will shortlist and interview potential candidates with the appropriate profile to assess his/her suitability before nominating the most suitable candidate to the Board for approval and appointment as a Director.

There were no new directors appointed in FY15.

In accordance with the provisions of the Constitution, one-third of the Directors (except the Managing Director) shall retire from office at every Annual General Meeting (**"AGM"**) and a retiring Director shall be eligible for re-election at the said AGM. All Directors shall retire from office at least once every three (3) years. As the Constitution provides for the Managing Director not to be subject to re-election, the Director who holds the office of Managing Director will not be subject to re-election. In addition, newly appointed Directors are required to submit themselves for re-nomination and re-election at the next AGM following his appointment.

Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as a Director.

The NC had recommended to the Board that Mr Tan Dah Ching be nominated for re-appointment at the forthcoming AGM. In making their recommendations, the NC evaluates Mr Tan Dah Ching's contribution and performance to the Group, including his attendance at meetings of the Board or Board Committee, and where applicable, his participation, candour and special contributions. Mr Tan Dah Ching is the Independent Director, Chairman of the Nominating Committee and member of the Audit and Remuneration Committees.

A. BOARD MATTERS - *continued*

Principle 4 : Board Membership - *continued*

Save as disclosed herein, Mr Tan Dah Ching does not have any relationships, including immediate family relationships, with the Directors, the Company and its 10% shareholders (as defined in the Code). Further details of Mr Tan Dah Ching can be found below and in the "Board of Directors" section of the annual report.

At the forthcoming AGM, Mr Tan Dah Ching will be retiring pursuant to Article 107 of the Company's Constitution. Mr Tan being eligible for re-election has offered himself for re-election. Please refer to the Notice of AGM for the resolution put forth for his proposed re-election.

The NC is responsible for determining annually whether a Director is independent, with reference to the guidelines set out in the Code. Each NC member does not take part in determining his own re-nomination or independence. Each Director is required to submit a return of independence to the Company Secretary as to his independence, who in turn submits the returns to the NC. The NC reviews the returns and determines the independence of each of the Directors and makes its recommendation to the Board. An Independent Director shall notify the NC immediately if, as a result of a change in circumstances, he no longer meets the criteria for independence. The NC shall review the change in circumstances, and make its recommendation to the Board.

The NC has assessed the independence of the Director, namely Mr Tan Dah Ching based on the criteria of independence defined in the Code. The NC is satisfied that there are no relationships or circumstances which were likely to interfere, or could appear to interfere, the Director's independent business judgement with a view to the best interests of the Company or which would deem any of the Independent Director not to be independent. Mr Tan had abstained from deliberations in respect of assessment of his own independence.

The Independent Director, Mr Wong Weng Foo John, has served the Board beyond nine (9) years since his appointment and is subject to particularly rigorous review by the NC pursuant to the Code.

Mr Wong Weng Foo John owns 3.23% shareholding interest in the capital of the Company. In addition, Mr Wong has a personal business relationship with the CEO, Mr Lye Chee Fei Anthony, and Mr Teo Kok Woon, a director and substantial Shareholder of the Company, through his investment in JKF Capital Pte Ltd (**"JKF"**), a company which Mr Wong, Mr Lye and Mr Teo are the directors and shareholders. JKF is a private company incorporated in Singapore to invest in shop houses in Penang, Malaysia. JKF has no business dealings with the Company or any of the Group's subsidiaries or transactions which falls under the description of interested person transactions under Chapter 9 of the Catalist Rules. Saved as disclosed, Mr Wong has no relationship (including immediate family relationships) with other Directors, the Company, its subsidiaries or other 10% Shareholders of the Company.

Due to Mr Wong's directorship which is more than 9 years and his investment in JKF, the NC had conducted a review on Mr Wong's independence and had taken into consideration the evaluation criteria such as (i) the independent expression of views and deliberations in relation to the Company's matters, particularly during Board and Board Committee meetings, (ii) objective and constructive challenge to assumptions and viewpoints by the Management and (iii) valuable insights provided by Mr Wong to the Company due to his vast industry experience. The NC had also evaluated Mr Wong's involvement and contribution in the Board/ Board Committees meetings, his investment in JKF in the context of his overall portfolio of investments, and his business relationship with Mr Lye Chee Fei Anthony and Mr Teo Kok Woon. The Board is of the opinion that Mr Wong had repetitiously demonstrated strong independent character and judgement over the years in discharging his duties as an independent director. The Board, with the concurrence of the NC, is satisfied that the existence of the abovementioned business relationship and circumstance do not affect the independence of Mr Wong as an Independent Director of the Company. The Board considered that Mr Wong's familiarity with the Company's business will continue to contribute positively to the deliberation at the Board and Board Committees meetings. Mr Wong had abstained from deliberations in respect of assessment of his own independence.

A. BOARD MATTERS - *continued*

Principle 4 : Board Membership - *continued*

Please refer to the "Board of Directors" section in the Annual Report for the profile of the Directors. The shareholdings of the individual Directors of the Company are set out below.

The NC is of the opinion that the Board is able to exercise objective judgement on corporate affairs independently and no individual or small group of individuals dominates the Board's decision making process.

Although some of the Non-executive Directors hold directorships in other companies, the Board is of the view that such multiple board representations do not hinder them from carrying out their duties as Directors of the Company. The NC has determined that the maximum number of listed company board representations which any Director of the Company may hold should not be more than four (4). The NC is satisfied that sufficient time, attention, resources and expertise has been given by the Directors to the affairs of the Company, notwithstanding that some of the Directors have multiple board representations as well as any other principal commitments.

Key information regarding the Directors of the Company are as follows:

Name of Director	Mr Lye Chee Fei Anthony
Shareholding in the Company (as at 21 Jan 2016)	13,082,400 (5.44%) (direct interest) 26,846,400 (11.17%) (deemed interest)
Board Committees served	None
Date of first appointment as Director	3 September 2003
Date of last re-election as Director	5 April 2004. Not required as CEO.
Present directorships in other listed companies	Nil
Past directorships in other listed companies (within the last 3 years)	Nil
Other principal commitments	Nil

Name of Director	Mr Teo Kok Woon
Shareholding in the Company (as at 21 Jan 2016)	68,250,728 (28.39%) (deemed interest)
Board Committees served	AC, NC & RC
Date of first appointment as Director	11 August 2006
Date of last re-election as Director	30 April 2014
Present directorships in other listed companies	Nil
Past directorships in other listed companies (within the last 3 years)	Nil
Other principal commitments	Chairman of Cockpit International Pte Ltd Group Executive Director of Goodearth Realty Pte Ltd

A. BOARD MATTERS - *continued*

Principle 4 : Board Membership - *continued*

Name of Director	Mr Wong Weng Foo John
Shareholding in the Company (as at 21 Jan 2016)	2,385,000 (0.99%) (direct interest) 5,386,666 (2.24%) (deemed interest)
Board Committees served	AC, NC & RC
Date of first appointment as Director	6 September 2006
Date of last re-election as Director	30 April 2015
Present directorships in other listed companies	Nil
Past directorships in other listed companies (within the last 3 years)	Goodpack Limited
Other principal commitments	Nil

Name of Director	Mr Tan Dah Ching
Shareholding in the Company (as at 21 Jan 2016)	Nil
Board Committees served	AC, NC & RC
Date of first appointment as Director	7 April 2014
Date of last re-election as Director	30 April 2014
Present directorships in other listed companies	Nil
Past directorships in other listed companies (within the last 3 years)	Nil
Other principal commitments	Nil

Principle 5 : Board Performance

A formal assessment of the effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board is conducted annually by having the Directors complete a questionnaire. The findings are analysed and discussed with a view to implement certain recommendations to further enhance the effectiveness of the Board.

For FY15, the NC, in assessing the contribution of each Director, had considered the attendance and participation at Board meetings and Board Committee meetings, the qualifications, experience and expertise and the time and effort dedicated to the Group's business and affairs, including the Management's access to the Directors for guidance or exchange of views as and when necessary. In assessing the Board as a whole, both quantitative and qualitative criteria were considered. Such criteria included consideration of the Company's share price performance over a five (5)-year period vis-à-vis the Singapore Straits Times Index and a benchmark index of its industry peers. Each member of the NC shall abstain from voting on any resolution in respect of the assessment of his performance or re-nomination as Director. The Board has also assessed the effectiveness of each Board Committee annually.

The Board has not engaged any external consultant to conduct an assessment of the performance of the Board and each individual Director. Where relevant, the NC will consider such an engagement.

A. BOARD MATTERS - *continued*

Principle 6 : Access to Information

The Board is provided with timely, adequate and complete information. For other matters where the Board is required to make decisions, the Management provides the Board with sufficient background and explanatory information on financial, business and corporate issues to enable the Directors to be properly briefed on issues to be considered. Any additional material or information requested by the Directors are promptly furnished.

The Directors are given free access to the Group's operational facilities and have direct access to the Management and Group Chief Financial Officer to have a better understanding of the Group's business operations.

The Directors have separate and independent access to the Company Secretary. The Company Secretary attends all Board meetings and Board Committee meetings. The Company Secretary is responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Board as a whole is updated on risk management and the key changes in the relevant regulatory requirements and accounting standards. The appointment and removal of the Company Secretary are subject to the Board's approval.

For FY15, the Management provided the members of the Board with management accounts on a half-yearly basis, as well as relevant background information and documents relating to items of business to be discussed at a Board meeting before the scheduled meeting. The Management updates the Board on the business of the Company from time to time.

The Board (whether individually or as a group) has, in the furtherance of its duties, access to independent professional advice, if necessary, at the Company's expense.

B. REMUNERATION MATTERS

Principle 7 : Procedures for Developing Remuneration Policies

As at the date of this report, the members of the RC comprise the following Non-executive Directors, majority of whom including the Chairman are independent:

Wong Weng Foo John	(Chairman)
Tan Dah Ching	(Member)
Teo Kok Woon	(Member)

The Chairman of the RC, Mr Wong Weng Foo John, has a good working knowledge of human resource and executive compensation from his many years of general management experience.

The functions of the RC contained in its written terms of reference include, among others, (i) the setting up of a framework of remuneration and implementation of formal and transparent processes by which the remuneration packages of all the Executive Directors (in the form of service agreements) and at least the key management personnel (in terms of aggregate remuneration) are formulated and endorsed by the Board; and (ii) to consider long-term incentives schemes for Executive Directors and key management personnel and review their eligibility for benefits under the schemes.

No RC member or any Director is involved in deliberations in respect of any remuneration, compensation, options or any form of benefits to be granted to him, except for providing information and documents specifically requested by the RC to assist it in its deliberations.

B. REMUNERATION MATTERS - *continued*

Principle 7 : Procedures for Developing Remuneration Policies - *continued*

Directors' fees are recommended by the RC and submitted for endorsement by the Board. Directors' fees are subject to approval by Shareholders at the AGM.

In FY15, the RC met to discuss and review the service agreements, where applicable, and remuneration of the CEO as well as the key management personnel. No remuneration consultants were engaged by Company in FY15.

Principle 8 : Level and Mix of Remuneration

In setting the remuneration packages of the Executive Director and key management personnel, the RC ensures that remuneration packages of the Executive Director and key management personnel are comparable within the industry as well as with similar companies. The RC considers the Group's relative performance, the contributions and responsibilities of the individual Directors and key management personnel in its review and recommendation of their remuneration.

The RC also takes into consideration the criteria such as leadership, people development, commitment and teamwork in assessing the individual's performance. This is designed to align the remuneration package with the interests of shareholders and link rewards to corporate and individual performance so as to promote the long-term sustainability of the Group.

The key terms of the service agreement of the Chief Executive Officer, who is the only Executive Director, include the following:

(a) the term of service is for a fixed period of two (2) years effective from 1 January 2016 subject to review thereafter;

(b) the remuneration of the Executive Director includes, among others, a fixed salary and a variable performance bonus, which is designed to align the Executive Director's interests with that of the Shareholders; and

(c) there are no onerous compensation commitments on the part of the Company in the event of an early termination of the service of the Executive Director.

The remuneration package of the key management personnel comprises a basic salary component and a variable component which is the annual bonus, based on the performance of the Group as a whole and their individual performance.

The Non-executive Directors (including Independent Directors) do not have any service agreements with the Company. Independent Directors are paid a basic fee for sitting on any of the Board Committees. Save for Directors' fees, which have to be approved by the Shareholders at every AGM, the Non-executive Directors do not receive any remuneration from the Company.

The Company has no share-based compensation scheme or any long-term scheme involving the offer of shares or option in place.

The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Director and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Executive Director owes a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Director in the event of such breach of fiduciary duties.

B. REMUNERATION MATTERS - *continued*

Principle 9 : Disclosure on Remuneration

A breakdown of the level and mix of remuneration paid/payable to each Director in remuneration bands of S$250,000 for FY15 are as follows:

Remuneration bands	Fees %	Salary %	Bonus %	Other Benefits %	Total %
Below S$250,000					
Tan Dah Ching	100[1]	—	—	—	100
Teo Kok Woon	—	—	—	—	—
Wong Weng Foo John	100[1]	—	—	—	100
S$500,001 to S$750,000					
Lye Chee Fei Anthony	—	81.2	5.4	13.4	100

[1] The Director's fee is subject to approval by Shareholders at the forthcoming AGM.

The Company does not think it is in the interest of the Company to disclose the Directors' remuneration in dollar terms for commercial sensitivity reasons, and that the current disclosure on a named basis and in bands of S$250,000 including the provision of a breakdown in percentage terms is sufficient.

For FY15, the Group has 3 key management personnel (**"KMP"**). One of the 3 KMP had resigned from the Group in August 2015. The Company does not believe it to be in its interest to disclose the name and remuneration of its KMP or in bands of S$250,000, having regard to the sensitive human resource environment and so as not to hamper its efforts to retain and nurture its talent pool. The annual aggregate remuneration paid to the 3 KMP of the Group (excluding Directors) was S$545,544. Mr Tan Wei Cheng Benjamin resigned as the Chief Operating Officer of Explomo Technical Services Pte Ltd during FY15. The actual remuneration paid to him during the year was S$90,800.

There are no termination, retirement and post-employment benefits that may be granted to the Directors, the CEO or the KMP.

None of the employees whose remuneration exceeds S$50,000 during FY15 are immediate family members of the Directors or substantial Shareholders.

C. ACCOUNTABILITY AND AUDIT

Principle 10 : Accountability

The Board accepts that it is accountable to the Shareholders while the Management is accountable to the Board. The Management provides all members of the Board with management accounts which present a balanced and understandable assessment of the Group's performance, position and prospects on a half-yearly basis, which has been assessed by the Board to be sufficient. The Board provides the Shareholders with a balanced and understandable assessment of the Group's performance, position and prospects on a half-yearly basis. Such responsibility is extended to the other price-sensitive public reports and reports to regulators (if required).

The Board takes adequate steps to ensure compliance with regulatory requirements.

C. ACCOUNTABILITY AND AUDIT - *continued*

Principle 11 : Risk Management and Internal Controls

The Company does not have a Risk Management Committee. However, the Board regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The Company's outsourced internal auditors will be tasked to regularly review all significant control policies and procedures and highlight all significant matters to the senior management, the AC and the Board. The AC had also engaged an external professional party to undertake an Enterprise Risk Assessment of the Group during FY15 to enable the Board and the Management to understand the inherent industry, financial, operational, compliance and information technology risks of the Group.

For the financial year under review, the CEO and the Group Chief Financial Officer have provided their confirmation and assurance to the Board on (i) the integrity of the Company's financial statements and that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances, and (ii) the effectiveness of the Group's risk management and internal control systems.

With the concurrence of the AC, the Board is of the opinion that the system of internal controls and risk management processes maintained by the Group's management throughout the financial year is adequate for the Group. The AC constantly reviews the effectiveness and adequacy of internal controls and the risk management processes adopted by the Group by considering reviews performed by the Management, and the assessment performed by the internal auditors. The Board, with the concurrence of the AC, is satisfied that the Group has a robust internal control system addressing financial, operational, compliance, information technology risks and risk management which is adequate and effective as at the date of this report to meet the needs of the Group in its current business environment.

Principle 12 : Audit Committee

The AC comprises three (3) Non-executive Directors, majority of whom including the Chairman are independent. Majority of the AC possess the appropriate accounting experience and/or related financial management expertise. The members of the AC as at the date of this report are as follows:

Wong Weng Foo John	(Chairman)
Tan Dah Ching	(Member)
Teo Kok Woon	(Member)

The AC has explicit authority to investigate any matter within its terms of reference. It has full access to, and the co-operation of, the Management and full discretion to invite any Director or senior management to attend its meetings. The AC has adequate resources to enable it to discharge its responsibilities properly.

The responsibilities of the AC contained in its written terms of reference include:

(a) reviewing the half-year and annual financial statements and results announcements before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Catalist Rules and any other relevant statutory or regulatory requirements;

(b) reviewing the scope and results of the external and effectiveness of internal audits, and to evaluate, with the assistance of internal auditors, the adequacy of the systems of internal and accounting controls, risk management and compliance;

C. ACCOUNTABILITY AND AUDIT - *continued*

Principle 12 : Audit Committee - *continued*

(c) reviewing the cost effectiveness of the external audit and, where the external auditors provide a substantial volume of non-audit services to the Company and/or the Group, to review the nature, extent and costs of such services so as to avoid an erosion of the independence and objectivity of the external auditors;

(d) recommending to the Board the nomination for appointment, re-appointment and removal of the external auditors and their level of audit fee; and

(e) reviewing the interested person transactions, and improper activities of the Company, if any.

In FY15, the AC met two (2) times. Details of the members' attendance at AC meetings in FY15 are provided under Principle 1 of this report.

The Company has put in place a whistle-blowing policy, endorsed by the AC, where employees of the Company and any other persons including members of the public may, in confidence, raise concerns about the possible corporate improprieties in matters of financial reporting or other matters. Employees and any other persons including members of the public may direct their concerns directly to the AC Chairman at email address whistleblow@tshcorp.com.sg. The AC's objectives are to ensure that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action.

The AC performed the following functions in FY15:

(a) External Auditors

For FY15, the AC reviewed together with the external auditors:

(i) the audit plan (including, among others, the nature and scope of the audit before the commencement of audit and the risk management issues of the Group);
(ii) the consideration of financial controls in areas which could have a material impact on the financial statements;
(iii) the audit report;
(iv) the assistance given to them by the Company's officers; and
(v) the financial statements of the Group.

The AC is kept abreast by the Management and the external auditors of changes to accounting standards, Catalist Rules and other regulations which could have an impact on the Group's business and financial statements.

The AC conducts a review of the nature and extent of non-audit services provided by the external auditors to satisfy itself that such services do not prejudice the independence and objectivity of the external auditors before confirming their re-nomination.

The AC, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditors.

The AC constantly bears in mind the need to maintain a balance between independence and objectivity of the external auditors and the work carried out by the external auditors based on value for money considerations. The aggregate amount of fees payable to the external auditors for audit and non-audit services for the financial year under review amounted to S$115,000 and S$11,400 respectively.

C. ACCOUNTABILITY AND AUDIT - *continued*

Principle 12 : Audit Committee - *continued*

(a) External Auditors *- continued*

The AC shall continue to monitor the scope and results of the external audit, its cost effectiveness and the independence and objectivity of the external auditors. The AC gives its recommendations to the Board and the Company regarding the appointment, re-appointment or removal of the external auditors. The AC is satisfied that the Company's external auditors are able to meet the audit requirements and statutory obligation of the Company. The AC has recommended to the Board the re-appointment of Ernst & Young LLP as the Company's external auditors at the forthcoming AGM.

The AC met up once with the external auditors without the Management in FY15.

The Auditors, Ernst & Young LLP, are appointed to audit the Group's Singapore-incorporated subsidiaries except for audit exempted subsidiaries. The Group has appointed different auditors for its overseas subsidiaries. The Board and the AC have reviewed the appointment of the different auditors for its overseas subsidiaries and are satisfied that the appointment of the different auditors would not compromise the standard and effectiveness of the audit of the Group. The AC is satisfied that the Company is in compliance with Rule 712 and Rule 715 of the Catalist Rules.

(b) Review of financial statements

For FY15, the AC reviewed the half-year and full year financial statements of the Group, including announcements relating thereto, to Shareholders and the SGX-ST.

(c) Review of interested person transactions and material contracts

There were no material contracts entered into by the Company and its subsidiaries involving the interests of the CEO, each Director or controlling Shareholder either still subsisting as at 31 December 2015, or, if not then subsisting, entered into since 31 December 2014.

The Company monitors all its interested person transactions and ensures that all transactions with interested persons are reported in a timely manner for review by the AC and that the transactions are conducted on an arms' length basis.

There were no interested person transactions during the FY15.

The Company has not obtained a Shareholders' mandate for interested person transactions pursuant to Rule 920 of the Catalist Rules.

Principle 13 : Internal Audit

The Board believes in the importance of maintaining a sound system of internal controls to safeguard the interests of the Shareholders and the Group's assets. The system of internal controls provides reasonable, but not absolute assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives.

C. ACCOUNTABILITY AND AUDIT - *continued*

Principle 13 : Internal Audit - *continued*

The Company has outsourced its internal audit function to Foo Kon Tan LLP, a qualified professional firm which meets the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The role of the Internal Auditor is to support the AC in ensuring that the Group maintains a sound system of internal controls by monitoring and assessing the effectiveness of key controls and procedures, conducting in-depth audits of high risk areas and undertaking investigations as directed by the AC. The internal audit reports are submitted to the AC for review and copies are provided to the Management for follow-up actions. The Internal Auditor reports to the AC Chairman.

The Board, with the assistance of the AC, assesses the effectiveness of the system of internal controls of the Group by considering reviews performed by the Management, and the assessment performed by the Internal Auditor.

The AC reviews the adequacy of the internal audit function to ensure that internal audits are conducted effectively and that Management provides the necessary co-operation and resources to enable the Internal Auditor to perform its function. The AC also reviews the Internal Auditor's reports and remedial actions implemented by Management to address any internal control inadequacies identified.

D. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14 : Shareholder Rights
Principle 15 : Communication with Shareholders
Principle 16 : Conduct of Shareholder Meetings

Information is communicated to Shareholders on a timely basis, through annual reports that are issued to all Shareholders within the mandatory period, half-year/full year announcements, disclosures to the SGX-ST via SGXNET and other announcements, where required, under the provision of the Catalist Rules. The Company adopts the practice of regularly communicating major developments in its businesses and operations through SGXNET and, where appropriate, directly to Shareholders, other investors, analysts, the media, the public and its employees.

The Company may also, on an ad-hoc basis, hold media and analysts' briefings and publish press releases of its financial results.

The Company does not practise selective disclosure of material information. Material information is excluded from briefings with investors or analysts, unless it has been publicly released either before, or concurrently with, such meetings.

D. SHAREHOLDER RIGHTS AND RESPONSIBILITIES - *continued*

Principle 14 : Shareholder Rights - *continued*
Principle 15 : Communication with Shareholders - *continued*
Principle 16 : Conduct of Shareholder Meetings - *continued*

Shareholders are encouraged to attend the AGM to ensure a high level of accountability and to stay informed of the Company's strategy and goals. Notice of the AGM is despatched to Shareholders, together with explanatory notes or a circular on items of special business (if necessary), at least 14 clear days before the meeting. The Board welcomes questions from Shareholders who have an opportunity to raise issues either informally or formally before or at the AGM. The Chairmen of the AC, RC and NC will be available at the meeting to respond to those questions relating to the functions of the Board Committees. The external auditors will also be present to address Shareholders' queries on the conduct of audit and the preparation and content of the auditor's report. On 3 January 2016, the legislation was amended, among other things to allow certain members, defined as "relevant intermediary" under Section 181(1C) of the Companies Act, Chapter 50, to attend and participate in general meetings without being constrained by the two (2)-proxy requirement. Relevant intermediary includes holding licenses in providing nominee and custodial services and CPF Board which purchases shares on behalf of the CPF investors. As a result, the Relevant Intermediaries are entitled to appoint more than two (2) proxies to attend, speak and vote at the Company's forthcoming annual general meetings. The Board will review its Constitution from time to time. Where amendment to its Constitution is required to align the relevant provisions with the requirements of the Catalist Rules, Shareholders' approval will be obtained. Minutes of general meetings include substantial and relevant queries or comments from Shareholders relating to the agenda of the meeting and responses from the Board and the Management would be available to Shareholders upon their request.

The Group does not have a concrete dividend policy at present. The form, frequency and amount of dividends declared each year will take into consideration the Group's profit growth, cash position, positive cash flow generated from operations, projected capital requirements for business growth and other factors as the Board may deem appropriate.

The Board of Directors has declared a final dividend of three (3) Singapore cents per ordinary share for FY15 which is subject to the approval by the shareholders at the forthcoming AGM of the Company.

The Company ensures that there are separate resolutions at general meetings on each distinct issue.

To enhance shareholder participation, resolutions put forth at the forthcoming AGM and at all future general meetings will be voted by poll. Voting results of all votes cast for and against each resolution and the respective percentage will be announced via the SGXNET.

E. DEALINGS IN SECURITIES

The Group has adopted and implemented policies in line with the SGX-ST's best practices in relation to the dealing of shares in the Company. The Group's policies on share dealings have been issued to all directors and key officers of the Group. The Company has informed its officers not to deal in the Company's shares on short term considerations or whilst they are in possession of unpublished material price sensitive information and during the period commencing one (1) month before the announcement of the Company's financial results and ending on the date of the announcement of such financial results.

F. NON-SPONSOR FEE

The Continuing Sponsor of the Company is SAC Capital Private Limited. There was no non-sponsor fee paid to the Sponsor by the Company in FY15.

FINANCIAL SECTION

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of TSH Corporation Limited (the **"Company"**) and its subsidiaries (collectively, the **"Group"**) and the balance sheet of the Company for the financial year ended 31 December 2015.

1. Opinion of the directors

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the balance sheet of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Directors

The directors of the Company in office at the date of this statement are:

Lye Chee Fei Anthony
Tan Dah Ching
Teo Kok Woon
Wong Weng Foo John

3. Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

4. Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year had, according to the register of director's shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares of the Company as stated below:

	Direct interest			Deemed interest		
Name of director	**At 1.1.2015**	**At 31.12.2015**	**At 21.01.2016**	**At 1.1.2015**	**At 31.12.2015**	**At 21.01.2016**
The Company						
Ordinary shares						
Lye Chee Fei Anthony	7,882,400	13,082,400	13,082,400	32,046,400	26,846,400	26,846,400
Teo Kok Woon	–	–	–	68,250,728	68,250,728	68,250,728
Wong Weng Foo John	2,385,000	2,385,000	2,385,000	5,386,666	5,386,666	5,386,666

5. Options

The Company does not have any Share Option Schemes or Share Schemes. No options were issued by the Company or its subsidiaries during the financial year. As at financial year end, there were no options on the unissued shares of the Company or its subsidiaries which were outstanding.

6. Audit Committee ("AC")

The audit committee performed its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50, including the following:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the external and internal auditors;
- Reviewed the half-year and annual financial statements and the auditor's report on the annual financial statements of the Group and the Company before their submission to the board of directors;
- Reviewed effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor;
- Met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviewed the cost effectiveness and the independence and objectivity of the external auditor;
- Reviewed the nature and extent of non-audit services provided by the external auditor;
- Recommended to the board of directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit; and
- Reported actions and minutes of the AC to the board of directors with such recommendations as the AC considered appropriate.

The AC, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor.

The AC convened two (2) meetings during the year with one member absent for both meetings. The AC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

7. Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors,

Wong Weng Foo John
Director

Lye Chee Fei Anthony
Director

Singapore
31 March 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TSH CORPORATION LIMITED

Report on the financial statements

We have audited the accompanying financial statements of TSH Corporation Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 45 to 100, which comprise the balance sheets of the Group and the Company as at 31 December 2015, the consolidated statement of changes in equity, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of the financial performance, changes in equity and cash flows of the Group for the year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
31 March 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2015

	Note	2015 $	2014 $
Revenue	3	**39,489,580**	24,996,002
Cost of sales		**(33,633,397)**	(18,268,325)
Gross profit		**5,856,183**	6,727,677
Other income	4	**770,453**	640,604
General and administrative expenses		**(4,117,287)**	(3,690,518)
Selling and marketing expenses		**(2,320,066)**	(2,320,105)
Finance costs	5	**(246,623)**	(273,938)
Other operating expenses	6	**(147,072)**	(118,323)
(Loss)/Profit before exceptional items and taxation	7	**(204,412)**	965,397
Exceptional items	8	**(6,864,100)**	–
(Loss)/Profit before taxation		**(7,068,512)**	965,397
Taxation	10	**769,498**	77,753
(Loss)/Profit for the year		**(6,299,014)**	1,043,150
Other comprehensive income for the year, net of tax:			
Item that may be reclassified subsequently to profit or loss			
Foreign currency translation		**306,914**	254,794
Total comprehensive income for the year		**(5,992,100)**	1,297,944
(Loss)/Profit for the year attributable to:			
Owners of the Company		**(6,299,014)**	1,043,150
Total comprehensive income for the year attributable to:			
Owners of the Company		**(5,992,100)**	1,297,944
		Cents	Cents
Basic earnings per share	11	**(2.62)**	0.43
Diluted earnings per share	11	**(2.62)**	0.43

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS

As at 31 December 2015

		Group		Company	
	Note	2015 $	2014 $	2015 $	2014 $
Non-current assets					
Property, plant and equipment	12	**1,868,386**	10,790,010	**416,640**	8,943,180
Investments in subsidiaries	13	**–**	–	**9,515,215**	9,815,217
Intangible assets	14	**1,962,672**	1,918,818	**–**	–
Available-for-sale financial asset	15	**–**	3,605,000	**–**	3,605,000
Deferred tax assets	25	**876,625**	146,058	**868,000**	82,000
		4,707,683	16,459,886	**10,799,855**	22,445,397
Current assets					
Assets held-for-sale	16	**11,844,965**	–	**11,844,965**	–
Development properties	17	**–**	16,074,889	**–**	–
Inventories	18	**238,829**	177,102	**–**	–
Gross amount due from customers for contract work-in-progress	19	**81,414**	1,517,426	**–**	–
Trade and other receivables	20	**4,629,667**	5,120,536	**18,459,047**	18,346,804
Held for trading financial assets	21	**1,925,665**	212,940	**1,925,665**	212,940
Fixed deposits	22	**13,057,968**	1,057,215	**2,645,378**	–
Cash and bank balances	29	**17,978,928**	19,198,187	**866,818**	3,058,833
		49,757,436	43,358,295	**35,741,873**	21,618,577
Current liabilities					
Gross amount due to customers for contract work-in-progress	19	**147,057**	169,061	**–**	–
Trade and other payables	23	**7,031,363**	8,297,654	**2,008,961**	2,082,492
Borrowings	24	**7,196,009**	388,016	**7,196,009**	388,016
Provision for taxation		**4,568**	107,703	**–**	28,216
		14,378,997	8,962,434	**9,204,970**	2,498,724
Net current assets		**35,378,439**	34,395,861	**26,536,903**	19,119,853
Non-current liabilities					
Borrowings	24	**–**	4,739,925	**–**	4,739,925
Deferred tax liabilities	25	**178,100**	215,700	**–**	–
		178,100	4,955,625	**–**	4,739,925
Net assets		**39,908,022**	45,900,122	**37,336,758**	36,825,325
Equity attributable to owners of the Company					
Share capital	26	**26,034,356**	26,034,356	**26,034,356**	26,034,356
Translation reserve	27	**723,921**	417,007	**–**	–
Revenue reserve	28	**13,149,745**	19,448,759	**11,302,402**	10,790,969
Total equity		**39,908,022**	45,900,122	**37,336,758**	36,825,325

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2015

	Share capital $	Revenue reserve $	Translation reserve $	Total equity attributable to owners of the Company $
Balance at 1 January 2014	26,034,356	18,405,609	162,213	44,602,178
Profit for the year	–	1,043,150	–	1,043,150
Other comprehensive income				
- Foreign currency translation	–	–	254,794	254,794
Total comprehensive income for the year	–	1,043,150	254,794	1,297,944
Balance at 31 December 2014 and 1 January 2015	26,034,356	19,448,759	417,007	45,900,122
Loss for the year	**–**	**(6,299,014)**	**–**	**(6,299,014)**
Other comprehensive income				
- Foreign currency translation	**–**	**–**	**306,914**	**306,914**
Total comprehensive income for the year	**–**	**(6,299,014)**	**306,914**	**(5,992,100)**
Balance at 31 December 2015	**26,034,356**	**13,149,745**	**723,921**	**39,908,022**

The movements in the revenue reserve of the Company are shown in Note 28.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2015

	Note	2015 $	2014 $
Cash flows from operating activities			
(Loss)/Profit before taxation		**(7,068,512)**	965,397
Adjustments for:			
Depreciation of property, plant and equipment	7	**595,744**	741,847
Dividend income		**(473)**	(3,640)
Fair value loss on held for trading financial assets		**4,648,537**	27,300
Gain on disposal of a subsidiary	8	**(142,938)**	–
(Gain)/loss on disposal of property, plant and equipment, net		**(24,518)**	337
Impairment of available-for-sale financial asset	8	**478,000**	–
Impairment of inventories	6	**212,569**	–
Impairment of trade receivables	6	**174,721**	–
Intangible assets written off	6	**206,085**	–
Interest expense	5	**165,784**	188,952
Interest income		**(37,290)**	(95,922)
Inventories written off		**5,111**	–
Net effect of currency translation differences		**(372,150)**	(183,608)
Property, plant and equipment written off	6	**1,605**	53,280
Operating cash flows before changes in working capital		**(1,157,725)**	1,693,943
Changes in working capital			
Decrease/(increase) in development properties		**16,074,889**	(8,330,655)
Decrease/(increase) in gross amount due from/to customers for contract work-in-progress, net		**1,407,224**	(993,118)
Increase in inventories		**(285,983)**	(60,726)
(Decrease)/increase in trade and other payables		**(461,716)**	2,260,265
(Increase)/decrease in trade and other receivables		**(499,803)**	897,728
Cash flows from/(used in) operations		**15,076,886**	(4,532,563)
Interest paid		**(188,219)**	(177,499)
Interest received		**37,290**	95,922
Taxes paid		**(143,426)**	(742,614)
Net cash flows from/(used in) operating activities		**14,782,531**	(5,356,754)
Cash flows from investing activities			
Additions to intangible assets	14	**(237,940)**	(158,384)
Dividend income received		**473**	11,190
Net cash inflow on acquisition of a subsidiary (Note A)		**–**	10,055
Net cash inflow on disposal of a subsidiary (Note B)		**252,347**	–
Proceeds from disposal of property, plant and equipment		**55,390**	692
(Purchase of)/proceeds from disposal of held for trading financial assets		**(6,361,262)**	291,127
Purchase of property, plant and equipment	12	**(441,569)**	(155,145)
Net cash flows used in investing activities		**(6,732,561)**	(465)
Cash flows from financing activities			
Proceeds from/(repayments of) borrowings		**2,068,068**	(409,034)
Redemption of pledged bank balances and deposits		**292,024**	505,689
Repayment of loan due to third parties		**–**	(7,754,289)
Net cash flows from/(used in) financing activities		**2,360,092**	(7,657,634)

	Note	2015 $	2014 $
Net increase/(decrease) in cash and cash equivalents		**10,410,062**	(13,014,853)
Effect of exchange rate changes on cash and cash equivalents		**663,456**	462,502
Cash and cash equivalents at 1 January		**18,004,988**	30,557,339
Cash and cash equivalents at 31 December	29	**29,078,506**	18,004,988

Note A

In May 2014, the Company acquired the entire equity interest of TSH Land Pte Ltd (formerly known as Gaw Pte Ltd). Upon the acquisition, TSH Land Pte Ltd became a wholly-owned 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:

	$
Development property	7,744,234
Cash and bank balances	10,057
Loan due to third parties	(7,754,289)
Net assets acquired	2
Cash consideration paid	(2)
Less: Cash and cash equivalents acquired	10,057
Net cash inflow on acquisition of the subsidiary	10,055

Note B

In December 2015, the Company disposed of the entire equity interest of its wholly-owned subsidiary, Explomo Consulting Pte Ltd. The fair value of the identifiable assets and liabilities disposed of and the cash flow effects of the disposal of the subsidiary were as follows:

	$
Property, plant and equipment	19,046
Deferred tax assets	56,000
Inventories	6,576
Gross amount due from customers for contract work-in-progress	6,784
Trade and other receivables	863,540
Cash and bank balances	397,653
Trade and other payables	(782,483)
Provision for taxation	(60,054)
Carrying value of net assets	507,062
Gain on disposal of the subsidiary (Note 8)	142,938
Total consideration	650,000
Less: Cash and cash equivalents of the subsidiary	(397,653)
Net cash inflow on disposal of the subsidiary	252,347

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. CORPORATE INFORMATION

TSH Corporation Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Catalist of Singapore Exchange Securities Trading Limited (SGX-ST).

The registered office and principal place of business of the Company is located at 62 Burn Road, #06-01 TSH Centre, Singapore 369976.

The principal activities of the Company are that of an investment holding company, provision of consultancy services as well as trading. The principal activities of the subsidiaries are disclosed in Note 13 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements are presented in Singapore Dollars (SGD or $) and have been prepared on the historical cost basis except as disclosed in the accounting policies below.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2015. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2.3 Standards issued but not yet effective

The Group has not adopted the following standards that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 27 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to FRS 16 and FRS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Improvements to FRSs (November 2014)	
(a) Amendments to FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*	1 January 2016
(b) Amendments to FRS 107 *Financial Instruments: Disclosures*	1 January 2016
(c) Amendments to FRS 19 *Employee Benefits*	1 January 2016
Amendments to FRS 1 *Disclosure Initiative*	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28 *Investment Entities: Applying the Consolidation Exception*	1 January 2016
FRS 7 Amendments to FRS 7: *Disclosure Initiative*	1 January 2017
FRS 12 Amendments to FRS 12: *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018
Amendments to FRS 110 and FRS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

2.3 Standards issued but not yet effective - *continued*

Except for FRS 115 the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial adoption. The nature of the impending changes in accounting policy on adoption of FRS 115 are described below.

FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer, i.e. when performance obligations are satisfied.

Key issues for the Company include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Company is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

2.4 Significant accounting judgements and estimates

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each year. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

(a) Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements.

(i) Income taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

2.4 Significant accounting judgements and estimates - *continued*

Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax provisions already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group's domicile. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be absorbed. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The carrying value of unrecognised tax losses at 31 December 2015 is $8,857,000 (2014: $4,647,000). If the Group was able to recognise all unrecognised deferred tax assets, profit would increase by $2,186,000 (2014: profit would increase by $1,162,000).

The carrying amounts of the Group's provision for taxation, deferred tax liabilities and deferred tax assets as at 31 December 2015 are $4,568 (2014: $107,703), $178,100 (2014: $215,700) and $876,625 (2014: $146,058) respectively.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the year are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(i) Impairment of goodwill

Goodwill is tested for impairment annually and at other times when indicators of impairment exist. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires management to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows. The carrying amount of the Group's goodwill and further details of the key assumptions applied in the impairment assessment of goodwill are disclosed in Note 14 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

2.4 Significant accounting judgements and estimates - *continued*

(b) Key sources of estimation uncertainty - continued

(ii) Impairment of loans and receivables

The Group assesses at the end of each year whether there is any objective evidence that a financial asset is impaired. Factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments are objective evidence of impairment. In determining whether there is objective evidence of impairment, the Group considers whether there is observable data indicating that there have been significant changes in the debtor's payment ability or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the year is disclosed in Note 20 to the financial statements.

(iii) Impairment of investment in subsidiaries

The Company assesses at the end each of year whether there is an indication that its investment in subsidiaries may be impaired. The determination of whether an investment is impaired requires significant judgement. The Company evaluates, among other factors, the duration and extent to which the fair value of the investment is less than its carrying value, and the financial health of and near-term business outlook for the subsidiary, including factors such as industry performance, changes in technology and operational and financing cash flow. The carrying amount of the Company's investment in subsidiaries is $9,515,215 (2014: $9,815,217).

2.5 Basis of consolidation and business combinations

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the year. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

2.5 Basis of consolidation and business combinations - *continued*

(a) Basis of consolidation - continued

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

– de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
– de-recognises the carrying amount of any non-controlling interest;
– de-recognises the cumulative translation differences recorded in equity;
– recognises the fair value of the consideration received;
– recognises the fair value of any investment retained;
– recognises any surplus or deficit in profit or loss;
– re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

2.6 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.7 Foreign currency

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the year. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the year are recognised in profit or loss.

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the year and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.8 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 32, including the factors used to identify the reportable segments and the measurement basis of segment information.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

2.9 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment other than freehold land are measured at cost less accumulated depreciation and any accumulated impairment losses.

The initial cost of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation on other assets is calculated on a straight-line basis over the estimated useful lives as follows:

Building	35 years
Office furniture and equipment	3 to 5 years
Renovation	2 to 5 years
Plant and equipment	3 to 20 years
Motor vehicles	5 years

Fully depreciated assets are retained in the financial statements until they are no longer in use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that they are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. They are adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

2.10 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less any impairment losses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

2.11 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Research and development costs

Research costs are expensed as incurred. Development costs arising from development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during the development.

Following initial recognition of the development costs as an intangible asset, it is carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation of the intangible asset begins when development is complete and the asset is available for use. Development costs have a finite useful life and are amortised over the period of expected sales from the related project of two (2) years on a straight-line basis.

2.12 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

2.12 Impairment of non-financial assets - *continued*

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.13 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) <u>Financial assets at fair value through profit or loss</u>

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group. Derivatives including separated embedded derivatives are also classified as held for trading.

The Group has not designated any financial assets upon initial recognition at fair value through profit or loss.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

2.13 Financial instruments - *continued*

(a) Financial assets - continued

(i) Financial assets at fair value through profit or loss - *continued*

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

(ii) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

The Group classifies the following financial assets as loans and receivables:

- Cash and short term deposits; and
- Trade and other receivables, including receivables from subsidiaries.

(iii) Available-for-sale financial asset

Available-for-sale financial asset includes equity and debt securities. Equity investments classified as available-for sale are those which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial asset is subsequently measured at fair value. Any gains or losses from changes in fair value of the financial asset is recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised directly in other comprehensive income is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

2.13 Financial instruments - *continued*

(b) *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are initially recognised at fair value and in the case of other financial liabilities, plus directly attributable transaction costs.

Subsequent measurement

Financial liabilities at amortised cost

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.14 Impairment of financial assets

The Group assesses at each year whether there is any objective evidence that a financial asset is impaired.

(a) *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

2.14 Impairment of financial assets - *continued*

(a) Financial assets carried at amortised costs - continued

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial asset has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) Available-for-sale financial asset

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial asset carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

2.15 Non-current assets held for sale

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. A component of the Group is classified as a ‘discontinued operation’ when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

2.15 Non-current assets held for sale - *continued*

coordinated plan to dispose of a separate major line of business or geographical area of operations.

Property, plant and equipment once classified as held for sale are not depreciated or amortised.

2.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw material: purchase costs on a first-in first-out basis.

- Goods for sale and project use and work in progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs were assigned on a first-in first-out basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value represents the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

2.17 Development properties

Development properties are properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation.

Development properties are held as inventories and are measured at the lower of cost and net realisable value.

Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when incurred.

Net realisable value of development properties is the estimated selling price in the ordinary course of business, based on market prices at the reporting date and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

The costs of development properties recognised in profit or loss on disposal are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

2.18 Contract work-in-progress

The Group principally operates fixed price contracts. Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the year (the percentage of completion method), when the outcome of a contract work-in-progress can be estimated reliably.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

2.18 Contract work-in-progress - *continued*

When the outcome of a contract work-in-progress cannot be estimated reliably (principally during early stages of a contract), contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as expense in the period in which they are incurred.

An expected loss on the contract work-in-progress is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

In applying the percentage of completion method, revenue recognised corresponds to the total contract revenue (as defined below) multiplied by the actual completion rate based on the proportion of total contract costs (as defined below) incurred to date and the estimated costs to complete.

Contract revenue – corresponds to the initial amount of revenue agreed in the contract and any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue; and they can be reliably measured.

Contract costs – Contract costs include costs that relate directly to the specific contract and costs that are attributable to contract activity in general and can be allocated to the contract.

2.19 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.20 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each year and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.21 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Government grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income may be presented as a credit in profit or loss, either separately or under a general heading such as "Other income". Alternatively, they are deducted in reporting the related expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

2.22 Borrowing costs

Borrowing costs are generally expensed as incurred. Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are being incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.23 Employee benefits

(a) Defined contribution plan

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. An accrual is made for the estimated liability for leave as a result of services rendered by employees up to the end of the year.

2.24 Leases

(a) As lessee

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases where the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.25(f).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

2.25 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(a) *Sale of goods*

Revenue from sale of goods is recognised upon the transfer of significant risks and rewards of ownership of the goods to the customer, which generally coincides with the delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods, and it is stated after deduction of any trade discounts.

(b) *Rendering of services*

Revenue from the rendering of services is recognised when the service is rendered.

The accounting policy for revenue from contract work-in-progress is disclosed in Note 2.18.

(c) *Dividend income*

Dividend income is recognised when the Group's right to receive payment is established.

(d) *Interest income*

Interest income is recognised as it accrues, using the effective interest method.

(e) *Management and consultancy fee*

Management and consultancy fee is recognised as and when the service is rendered.

(f) *Rental income*

Rental income is recognised on a straight-line basis over the lease term. Contingent rents are recognised as revenue in the period in which they are earned.

(g) *Sale of development properties*

Revenue from the sale of properties held for development is recognised when the significant risks and rewards of ownership of the properties have been transferred to the purchaser, which generally coincides with the time the development property is delivered to the purchaser.

The revenue is stated after deduction of any trade discounts. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of property sold.

Where the property held for development is sold without any development progress, the gain or loss is presented in profit or loss on a net basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

2.26 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the year, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the year between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

– Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

– Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each year and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each year and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

2.26 Taxes - *continued*

(b) Deferred tax - continued

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each year.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

2.27 Share capital and share issue expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.28 Exceptional items

Exceptional items are items of income or expense of such size, nature or incidence that their disclosures are relevant to explain the performance of the Group for the year.

2.29 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

2.29 Contingencies - *continued*

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

3. REVENUE

	Group	
	2015	**2014**
	$	**$**
Sale of goods	**7,707,443**	14,959,263
Sale of development properties	**22,030,087**	–
Rendering of services	**9,752,050**	10,036,739
	39,489,580	24,996,002

4. OTHER INCOME

Other income includes:

	Group	
	2015	**2014**
	$	**$**
Gain on disposal of property, plant and equipment	**25,230**	–
Grant income [(1)]	**201,173**	77,415
Interest income from fixed deposits and bank balances	**36,713**	84,335
Interest income from loans and receivables	**577**	11,587
Rental income	**476,116**	394,058

[(1)] Included in grant income are the Productivity and Innovation Credit Bonus, Special Employment Credit, Temporary Employment Credit and Wage Credit introduced in the Singapore Budget (2014: Productivity and Innovation Credit Bonus, Special Employment Credit and Wage Credit).

5. FINANCE COSTS

	Group	
	2015	**2014**
	$	**$**
Interest expense on borrowings	**165,784**	188,952
Facility fees and bank charges	**80,839**	84,986
	246,623	273,938

6. OTHER OPERATING EXPENSES

Other operating expenses include:

	Group	
	2015	2014
	$	$
Depreciation of property, plant and equipment	**590,624**	630,859
Fair value loss on a held for trading financial asset	**65,520**	27,300
Foreign exchange gain, net	**(1,129,428)**	(547,255)
Impairment of inventories	**212,569**	–
Impairment of trade receivables	**174,721**	–
Intangible assets written off	**206,085**	–
Property, plant and equipment written off	**1,605**	53,280

7. (LOSS)/PROFIT BEFORE EXCEPTIONAL ITEMS AND TAXATION

The following items have been included in arriving at (loss)/profit before exceptional items and taxation:

	Group	
	2015	2014
	$	$
Audit fees		
- Auditors of the Company	**115,000**	122,500
- Other auditors	**2,800**	17,827
Non-audit fees		
- Auditors of the Company	**11,400**	9,440
- Other auditors	**1,200**	–
Over provision of audit fees to other auditors	**(16,427)**	–
Cost of inventories recognised as an expense in cost of sales	**5,100,742**	7,652,216
Depreciation of property, plant and equipment (included in cost of sales, general and administrative expenses and other operating expenses)	**595,744**	741,847
Operating lease expenses (included in cost of sales and general and administrative expenses)	**509,304**	486,272

8. EXCEPTIONAL ITEMS

	Group	
	2015	**2014**
	$	**$**
Fair value loss on a held for trading financial asset	**4,583,017**	–
Gain on disposal of a subsidiary	**(142,938)**	–
Impairment of available-for-sale financial asset (Note 15)	**478,000**	–
Loss on disposal of a property held for development	**1,946,021**	–
	6,864,100	–

9. STAFF COSTS

The following staff costs (including directors) have been included in arriving at (loss)/profit before exceptional items and taxation:

	Group	
	2015	**2014**
	$	**$**
Salaries, bonuses and other short-term benefits	**4,888,268**	4,915,977
Central Provident Fund contribution	**483,054**	441,956
	5,371,322	5,357,933

10. TAXATION

Major components of taxation

The major components of taxation for the years ended 31 December are as follows:

	Group	
	2015	**2014**
	$	**$**
Current income tax:		
- Current income taxation	**62,254**	75,265
- Over provision in respect of previous years	**(8,152)**	(3,309)
	54,102	71,956
Deferred income tax (Note 25):		
- Origination and reversal of temporary differences	**(808,900)**	(133,158)
- Over provision in respect of previous years	**(14,700)**	(84,000)
	(823,600)	(217,158)
Withholding tax expense	–	67,449
Taxation recognised in profit or loss	**(769,498)**	(77,753)

10. TAXATION - *continued*

Relationship between taxation and accounting (loss)/profit

The reconciliation between taxation and the product of accounting (loss)/profit multiplied by the applicable tax rate for the years ended 31 December are as follows:

	Group	
	2015	2014
	$	$
(Loss)/Profit before taxation	**(7,068,512)**	965,397
Tax at the domestic rates applicable to (loss)/profit in the countries where the Group operates	**(1,332,183)**	60,311
Adjustments:		
Income not subject to taxation	**(294,008)**	(122,297)
Non-deductible expenses	**18,250**	84,830
Over provision in respect of previous years	**(22,852)**	(87,309)
Deferred tax assets not recognised	**1,023,847**	101,924
Effect of partial tax exemption and tax relief	**(165,460)**	(182,670)
Withholding tax expense	**–**	67,449
Others	**2,908**	9
Taxation recognised in profit or loss	**(769,498)**	(77,753)

The reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

Tax effect of proposed dividend

There are no income tax consequences attached to the dividends to the shareholders proposed by the Company for the year ended 31 December 2015 but not recognised as a liability in the financial statements (Note 36).

11. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net (loss)/profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are the same as basic earnings per share as there are no dilutive potential ordinary shares.

The following reflects the profit and share data used in the basic and diluted earnings per share computations for the years ended 31 December:

	Group	
	2015	**2014**
	$	**$**
(Loss)/Profit for the year attributable to owners of the Company used in the computation of basic and diluted earnings per share	**(6,299,014)**	1,043,150
	Number of shares	**Number of shares**
Weighted average number of ordinary shares used in the computation of basic and diluted earnings per share	**240,443,565**	240,443,565

12. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land $	Building $	Office furniture and equipment $	Renovation $	Plant and equipment $	Motor vehicles $	Total $
Cost:							
Balance at 1 January 2014	6,912,469	2,166,595	693,201	642,740	12,263,093	526,773	23,204,871
Additions	–	–	39,719	19,784	95,642	–	155,145
Disposals	–	–	(5,939)	–	(4,452)	–	(10,391)
Write-offs	–	–	(132,440)	(391,328)	(1,001,717)	–	(1,525,485)
Exchange differences	–	–	442	(1,188)	(3,424)	933	(3,237)
Balance at 31 December 2014 and 1 January 2015	6,912,469	2,166,595	594,983	270,008	11,349,142	527,706	21,820,903
Additions	**–**	**–**	**67,569**	**13,450**	**16,239**	**344,311**	**441,569**
Classified as assets held for sale	**(6,912,469)**	**(2,166,595)**	**–**	**–**	**–**	**–**	**(9,079,064)**
Disposals	**–**	**–**	**(4,474)**	**–**	**–**	**(198,591)**	**(203,065)**
Write-offs	**–**	**–**	**(55,697)**	**–**	**(2,475,000)**	**–**	**(2,530,697)**
Disposal of a subsidiary	**–**	**–**	**(96,263)**	**(82,691)**	**(188,339)**	**–**	**(367,293)**
Exchange differences	**–**	**–**	**1,975**	**1,393**	**–**	**188**	**3,556**
Balance at 31 December 2015	**–**	**–**	**508,093**	**202,160**	**8,702,042**	**673,614**	**10,085,909**
Accumulated depreciation and impairment losses:							
Balance at 1 January 2014	–	237,293	550,131	542,616	10,133,113	310,710	11,773,863
Depreciation	–	61,903	88,968	58,893	459,538	72,545	741,847
Disposals	–	–	(4,910)	–	(4,452)	–	(9,362)
Write-offs	–	–	(128,137)	(380,700)	(963,368)	–	(1,472,205)
Exchange differences	–	–	256	(1,067)	(2,922)	483	(3,250)
Balance at 31 December 2014 and 1 January 2015	–	299,196	506,308	219,742	9,621,909	383,738	11,030,893
Depreciation	**–**	**61,903**	**79,146**	**45,744**	**336,961**	**71,990**	**595,744**
Classified as assets held for sale	**–**	**(361,099)**	**–**	**–**	**–**	**–**	**(361,099)**
Disposals	**–**	**–**	**(2,221)**	**–**	**–**	**(169,972)**	**(172,193)**
Write-offs	**–**	**–**	**(54,092)**	**–**	**(2,475,000)**	**–**	**(2,529,092)**
Disposal of a subsidiary	**–**	**–**	**(88,703)**	**(78,771)**	**(180,773)**	**–**	**(348,247)**
Exchange differences	**–**	**–**	**916**	**603**	**–**	**(2)**	**1,517**
Balance at 31 December 2015	**–**	**–**	**441,354**	**187,318**	**7,303,097**	**285,754**	**8,217,523**
Net carrying amount:							
Balance at 31 December 2015	**–**	**–**	**66,739**	**14,842**	**1,398,945**	**387,860**	**1,868,386**
Balance at 31 December 2014	6,912,469	1,867,399	88,675	50,266	1,727,233	143,968	10,790,010

12. PROPERTY, PLANT AND EQUIPMENT - *continued*

Company	Freehold land $	Building $	Office furniture and equipment $	Renovation $	Motor vehicles $	Total $
Cost:						
Balance at 1 January 2014	6,912,469	2,166,595	235,320	101,745	461,300	9,877,429
Additions	–	–	3,780	–	–	3,780
Write-offs	–	–	(5,799)	–	–	(5,799)
Balance at 31 December 2014 and 1 January 2015	6,912,469	2,166,595	233,301	101,745	461,300	9,875,410
Additions	**–**	**–**	**32,658**	**8,900**	**344,311**	**385,869**
Classified as assets held for sale	**(6,912,469)**	**(2,166,595)**	**–**	**–**	**–**	**(9,079,064)**
Disposals	**–**	**–**	**–**	**–**	**(157,111)**	**(157,111)**
Write-offs	**–**	**–**	**(36,829)**	**–**	**–**	**(36,829)**
Balance at 31 December 2015	**–**	**–**	**229,130**	**110,645**	**648,500**	**988,275**
Accumulated depreciation:						
Balance at 1 January 2014	–	237,293	180,113	70,754	265,656	753,816
Depreciation	–	61,903	36,615	20,349	65,346	184,213
Write-offs	–	–	(5,799)	–	–	(5,799)
Balance at 31 December 2014 and 1 January 2015	–	299,196	210,929	91,103	331,002	932,230
Depreciation	**–**	**61,903**	**26,011**	**11,800**	**66,466**	**166,180**
Classified as assets held for sale	**–**	**(361,099)**	**–**	**–**	**–**	**(361,099)**
Disposals	**–**	**–**	**–**	**–**	**(129,297)**	**(129,297)**
Write-offs	**–**	**–**	**(36,379)**	**–**	**–**	**(36,379)**
Balance at 31 December 2015	**–**	**–**	**200,561**	**102,903**	**268,171**	**571,635**
Net carrying amount:						
Balance at 31 December 2015	**–**	**–**	**28,569**	**7,742**	**380,329**	**416,640**
Balance at 31 December 2014	6,912,469	1,867,399	22,372	10,642	130,298	8,943,180

Assets pledged as security

The Company's and Group's freehold land and building are mortgaged and the future rental proceeds of the said building are assigned to secure the related borrowings (Note 24) (2014: related borrowings and trade facilities). Subsequent to the decision to dispose of the freehold land and building in 2015, the Company has followed up with a concrete plan to locate a buyer and is of the view that the sale is highly probable to be completed within a year. As a result, the net book value of $8,717,965 is classified as assets held for sale as at 31 December 2015 (Note 16).

13. INVESTMENTS IN SUBSIDIARIES

	Company 2015 $	Company 2014 $
Unquoted equity shares, at cost	**10,365,849**	10,665,849
Impairment losses	**(850,634)**	(850,632)
	9,515,215	9,815,217

Name of subsidiaries (Country of incorporation and place of business)	Principal activities	Cost of investment by the Company 2015 $	Cost of investment by the Company 2014 $	Percentage of equity held by the Group 2015 %	Percentage of equity held by the Group 2014 %
Held by the Company					
Starmo International Pte Ltd [1] (Singapore)	Investment holding	**8,365,847**	8,365,847	**100.0**	100.0
Aero Systems Pte Ltd [4] (Singapore)	Struck-off	**–**	–	**–**	100.0
Explomo Consulting Pte Ltd [6] (Singapore)	Provision of events management and human resource services	**–**	300,000	**–**	100.0
WoW Technologies (Singapore) Pte Ltd [1] (Singapore)	Investment holding, and design and development of consumer electronic products	**2,000,000**	2,000,000	**100.0**	100.0
TSH Land Pte Ltd [3] (Singapore)	Investment holding	**2**	2	**100.0**	100.0
		10,365,849	10,665,849		

Name of subsidiaries (Country of incorporation and place of business)	Principal activities	Percentage of equity held by the Group 2015 %	Percentage of equity held by the Group 2014 %
Held by Starmo International Pte Ltd			
Explomo Technical Services Pte Ltd [1] (Singapore)	Provision of defence related materials disposal and recycling, land remediation services, and supply and choreography of pyrotechnic and firework displays	**100.0**	100.0
Explomo Magic Pte Ltd [3] (Singapore)	Inactive	**100.0**	100.0
TechnoPlus Pte Ltd [3] (Singapore)	Inactive	**100.0**	100.0

13. INVESTMENTS IN SUBSIDIARIES - *continued*

Name of subsidiaries (Country of incorporation and place of business)	Principal activities	Percentage of equity held by the Group 2015 %	2014 %
Held by WoW Technologies (Singapore) Pte Ltd			
Tracker Shine Limited [3] (British Virgin Islands)	Investment holding	**100.0**	100.0
Aegis Acoustics, Inc [5] (United States of America)	Inactive	**100.0**	–
Held by Tracker Shine Limited			
Vigorhood Photoelectric Shenzhen Co., Ltd [2] (The People's Republic of China)	Original design and manufacture of consumer electronic products	**100.0**	100.0
Held by TSH Land Pte Ltd			
TSH Development Australia Pty Ltd [3] (Australia)	Investment holding	**100.0**	100.0
Held by TSH Development Australia Pty Ltd			
106 St Georges Road Pty Ltd [3] (Australia)	Trustee for 106 St Georges Road Unit Trust	**100.0**	100.0
631 Orrong Road Pty Ltd [3] (Australia)	Trustee for 631 Orrong Road Unit Trust	**100.0**	100.0
Glyndefox Pty Ltd [3] (Australia)	Trustee for Glyndefox Unit Trust	**100.0**	100.0
106 St Georges Road Unit Trust [3] (Australia)	Property development	**100.0**	100.0
631 Orrong Road Unit Trust [3] (Australia)	Property development	**100.0**	100.0
Glyndefox Unit Trust [3] (Australia)	Property development	**100.0**	100.0

(1) Audited by Ernst & Young LLP, Singapore

(2) Audited by Shenzhen ZhiGong Certified Public Accountants, China

(3) Audit exempted

(4) Aero Systems Pte Ltd ("Aero") was struck-off voluntarily in December 2015

(5) Incorporated during the year

(6) Disposed in December 2015

14. INTANGIBLE ASSETS

Group	Goodwill $	Development costs $	Total $
Cost:			
Balance at 1 January 2014	2,611,066	–	2,611,066
Additions	–	158,384	158,384
Balance at 31 December 2014 and 1 January 2015	2,611,066	158,384	2,769,450
Additions	**–**	**237,940**	**237,940**
Write-off attributable to discontinued project	**–**	**(206,085)**	**(206,085)**
Exchange differences	**–**	**11,999**	**11,999**
Balance at 31 December 2015	**2,611,066**	**202,238**	**2,813,304**
Accumulated amortisation and impairment:			
Balance at 1 January 2014, 31 December 2014, 1 January 2015 and 31 December 2015	**850,632**	**–**	**850,632**
Net carrying amount:			
Balance at 31 December 2015	**1,760,434**	**202,238**	**1,962,672**
Balance at 31 December 2014	1,760,434	158,384	1,918,818

Goodwill

Impairment testing

Goodwill arising from business combinations has been allocated to Homeland Security Services, an individual cash-generating unit ("CGU") which is a reportable segment, for impairment testing. The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a 3-year (2014: 3-year) period.

Key assumptions used for value-in-use calculations for the Homeland Security Services segment are as follows:

	Group	
	2015 **%**	**2014** **%**
Terminal growth rate	**0**	0
Pre-tax discount rate	**9**	7

The terminal growth rate is determined after considering the past performance and it is within management's expectation of the long-term average growth rate of the industry relevant to the CGU. The discount rate used is pre-tax and reflects specific risks relating to the business segment. Management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

Development costs

Development costs relate to audio product projects. There is no amortisation expense for the year ended 31 December 2015 as the projects are still in the development phase.

15. AVAILABLE-FOR-SALE FINANCIAL ASSET

	Group and Company	
	2015	2014
	$	$
Unquoted shares	**3,605,000**	3,605,000
Less: Impairment of available-for-sale financial asset	**(478,000)**	–
Classified as assets held for sale (Note 16)	**(3,127,000)**	–
	–	3,605,000

The Group holds 26.5% interest in Unilink Development Limited ("Unilink"), a closely-held private company incorporated in Hong Kong with operating subsidiaries in China. This unquoted investment was carried at cost less impairment loss as the investment did not have a quoted price in an active market and its fair value could not be reliably measured. Additionally, valuation technique would have resulted in a wide range of possible fair values and the probability of the various outcomes could not be reliably estimated.

Following the plan of the Company in 2015 to dispose of the investment in Unilink, the Company has followed up with a concrete plan to locate buyer and is of the view that the sale is highly probable to be completed within a year.

Accordingly, the investment in Unilink has been classified as assets held-for-sale as at 31 December 2015 in accordance with FRS 105, Non-current Assets Held for Sale and Discontinued Operations. An impairment charge of $478,000 was recorded during the year ended 31 December 2015 to reduce the carrying amount of the investment to its estimated recoverable amount of $3,127,000 prior to the classification of the investment as assets held for sale as at 31 December 2015. The recoverable value was determined based on the discussion with a potential third party buyer.

16. ASSETS HELD FOR SALE

	Group and Company	
	2015	2014
	$	$
The Group's assets held for sale (part of Corporate and Others business) comprise:		
Unquoted shares (Note 15)	**3,127,000**	–
Freehold land and building (Note 12)	**8,717,965**	–
	11,844,965	–

The unquoted shares and the freehold land and building, which were previously classified as available-for-sale financial asset (Note 15) and property, plant and equipment (Note 12) have been classified as assets held for sale during the year due to the decision to dispose of them.

The unquoted shares and freehold land and building are measured at the lower of their carrying amount and fair value less cost to sell.

16. ASSETS HELD FOR SALE - *continued*

The details of the freehold land and building are as follows:

Description and location	Existing use	Estimated site area (square metre)	Estimated gross floor area (square metre)	Interest held by the Group and Company	
				2015 %	2014 %
TSH Centre 62 Burn Road Singapore 369976	Industrial building	987	2,140	**100**	100

17. DEVELOPMENT PROPERTIES

	Group	
	2015 $	2014 $
Cost of development properties	–	16,074,889

18. INVENTORIES

	Group	
	2015 $	2014 $
Goods for sale and project use	**238,829**	177,102

19. GROSS AMOUNT DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORK-IN-PROGRESS

	Group	
	2015 $	2014 $
Project costs incurred and recognised profits to date	**9,337,608**	9,285,046
Less: Progress billings	**(9,403,251)**	(7,936,681)
Gross amount due (to)/from customers for contract work-in-progress, net	**(65,643)**	1,348,365
Presented as:		
Gross amount due from customers for contract work-in-progress	**81,414**	1,517,426
Gross amount due to customers for contract work-in-progress	**(147,057)**	(169,061)
	(65,643)	1,348,365

20. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Financial assets				
Trade receivables:				
- Trade receivables	**3,023,821**	2,768,256	**–**	–
- Accrued revenue	**22,477**	–	**–**	–
- Accrued revenue from subsidiaries	**–**	–	**1,228,503**	–
	3,046,298	2,768,256	**1,228,503**	–
Other receivables:				
- Deposits	**121,120**	210,209	**7,020**	23,720
- Project advances	**46,899**	58,505	**–**	–
- Receivables from subsidiaries	**–**	–	**17,204,191**	18,291,156
- Others	**25**	278	**25**	868
	168,044	268,992	**17,211,236**	18,315,744
Non-financial assets				
- Advances to suppliers	**682,596**	407,048	**–**	–
- Deposit	**–**	1,299,600	**–**	–
- Prepayments	**732,729**	376,640	**19,308**	31,060
	1,415,325	2,083,288	**19,308**	31,060
Total other receivables	**1,583,369**	2,352,280	**17,230,544**	18,346,804
Trade and other receivables	**4,629,667**	5,120,536	**18,459,047**	18,346,804
Loans and receivables				
Trade receivables	**3,046,298**	2,768,256	**1,228,503**	–
Other receivables	**168,044**	268,992	**17,211,236**	18,315,744
Fixed deposits (Note 29)	**13,057,968**	1,057,215	**2,645,378**	–
Cash and bank balances (Note 29)	**17,978,928**	19,198,187	**866,818**	3,058,833
Total loans and receivables	**34,251,238**	23,292,650	**21,951,935**	21,374,577

The trade and other receivables (classified as loans and receivables) denominated in foreign currencies as at 31 December are as follows:

	Group 2015	Group 2014	Company 2015	Company 2014
Renminbi	**52,920**	54,548	**–**	–
Singapore Dollar	**800**	45,925	**–**	–
United States Dollar	**–**	165,342	**16,778,255**	15,155,017

20. TRADE AND OTHER RECEIVABLES - *continued*

Trade receivables are non-interest bearing. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The project advances are unsecured, non-interest bearing and repayable on demand in cash.

The receivables from subsidiaries amounting to $17,204,191 (2014: $17,930,167) are unsecured, repayable on demand, interest-free and are to be settled in cash.

As at 31 December 2014, the deposit under non-financial assets related to the purchase of a development property (Note 31(c)), and the receivables from subsidiaries of $360,989 were unsecured, repayable on demand, bore interest at a rate of 6.50% per annum and were to be settled in cash.

Receivables that are past due but not impaired

The Group has the following unsecured trade receivables that are past due but not impaired at the end of the year:

	Group	
	2015 $	2014 $
Trade receivables past due:		
Less than 30 days	**131,166**	311,324
30 to 60 days	**25,211**	151,758
61 to 90 days	**3,938**	16,590
91 to 120 days	**5,350**	2,400
More than 120 days	**–**	27,805
	165,665	509,877

Trade receivables that are impaired

The trade receivables that are impaired at the end of the year and the movement of the allowance account used to record the impairment are as follows:

	Group	
	2015 $	2014 $
Trade receivables – nominal amounts	**276,441**	97,810
Less: Allowance for impairment	**(276,441)**	(97,810)
	–	–
Movement in allowance account:		
Balance at 1 January	**97,810**	141,763
Charge for the year	**174,721**	–
Exchange differences	**3,910**	–
Write-off	**–**	(43,953)
Balance at 31 December	**276,441**	97,810

The trade receivables that are individually determined to be impaired at the end of the year relate to debtors that are in significant financial difficulties and/or have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

20. TRADE AND OTHER RECEIVABLES - *continued*

Other receivables that are impaired

The other receivables that are impaired at the end of the year and the movement of the allowance account used to record the impairment are as follows:

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Other receivables – nominal amounts	–	–	**21,648,633**	3,024,495
Less: Allowance for impairment	–	–	**(4,444,442)**	(3,024,495)
	–	–	**17,204,191**	–
Movement in allowance account:				
Balance at 1 January	–	59,845	**3,024,495**	1,911,893
Charge for the year	–	–	**2,479,147**	1,121,678
Write-off	–	(59,845)	**–**	–
Write-back	–	–	**(1,059,200)**	(9,076)
Balance at 31 December	–	–	**4,444,442**	3,024,495

The Company's other receivables that are individually determined to be impaired relate to amounts due from subsidiaries. These receivables are not secured by any collateral or credit enhancements.

21. HELD FOR TRADING FINANCIAL ASSETS

	Group and Company	
	2015	2014
	$	$
Quoted equity shares, at fair value	**1,925,665**	212,940

Held for trading financial assets denominated in foreign currencies as at 31 December are as follows:

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Malaysian Ringgit	**1,778,245**	–	**1,778,245**	–

22. FIXED DEPOSITS

As at 31 December 2015, the Group has fixed deposits of $1,958,390 (2014: $1,050,414) pledged as security for banking facilities (Note 29). The fixed deposits earn interest at a weighted average interest rate of 2.32% (2014: 0.46%) per annum. The fixed deposits denominated in foreign currencies as at 31 December are as follows:

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Singapore Dollar	–	1,057,215	–	–
United States Dollar	**2,645,378**	–	**2,645,378**	–

23. TRADE AND OTHER PAYABLES

	Group		Company	
	2015 $	2014 $	2015 $	2014 $
Financial liabilities				
Trade payables	**2,786,444**	5,012,575	**35,404**	157,141
Accrued contract costs and operating expenses	**3,458,657**	2,776,548	**277,997**	318,440
	6,245,101	7,789,123	**313,401**	475,581
Other payables:				
- Deposits received	**99,212**	98,220	**78,852**	77,860
- Payable to a third party	**121,742**	121,742	**121,742**	121,742
- Payables to subsidiaries	**–**	–	**1,437,000**	1,352,000
- Collection of funds on behalf of customers	**–**	140,612	**–**	–
- Others	**506,962**	58,940	**30,420**	30,420
	727,916	419,514	**1,668,014**	1,582,022
Non-financial liabilities				
- Accrual for unconsumed leave	**58,346**	82,103	**27,546**	24,889
- Advances from customers	**–**	6,914	**–**	–
	58,346	89,017	**27,546**	24,889
Total other payables	**786,262**	508,531	**1,695,560**	1,606,911
Trade and other payables	**7,031,363**	8,297,654	**2,008,961**	2,082,492
Financial liabilities carried at amortised cost				
Trade payables	**2,786,444**	5,012,575	**35,404**	157,141
Accrued contract costs and operating expenses	**3,458,657**	2,776,548	**277,997**	318,440
Other payables	**727,916**	419,514	**1,668,014**	1,582,022
Borrowings (Note 24)	**7,196,009**	5,127,941	**7,196,009**	5,127,941
Total financial liabilities carried at amortised cost	**14,169,026**	13,336,578	**9,177,424**	7,185,544

The trade and other payables (classified as financial liabilities carried at amortised cost) denominated in foreign currencies as at 31 December are as follows:

Renminbi	**79,915**	96,995	**75,210**	90,525
Singapore Dollar	**47,897**	26,897	**–**	–
Swiss Franc	**1,850**	14,201	**–**	–
United States Dollar	**–**	39,828	**–**	–

The trade payables are non-interest bearing.

The payable to a third party is unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

The payables to subsidiaries are unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

24. BORROWINGS

	Effective interest rate		Maturity		Group and Company	
	2015	2014	2015	2014	2015	2014
	%	%			$	$
Loan A	**2.4**	3.5	**2025**	2025	**4,696,009**	5,127,941
Loan B	**2.7**	–	**2016**	–	**2,500,000**	–
					7,196,009	5,127,941
Less: non-current portion of Loan A						
- Borrowings repayable in the second to fifth year inclusive					**1,827,449**	1,772,276
- Borrowings repayable after five years					**2,410,935**	2,967,649
					(4,238,384)	(4,739,925)
Classification of non-current portion of Loan A as repayable within a year [1]					**4,238,384**	–
Borrowings repayable within a year					**7,196,009**	388,016

[1] Subsequent to the decision to sell the freehold land and building and its classification as assets held for sale (Note 16), the entire Loan A has been classified as amount repayable within a year, as it is expected to be repaid upon the disposal of the freehold land and building.

Loan B is fully repayable within a year.

Both Loan A and B are secured by first legal mortgage over the freehold land and building and the assignment of future rental proceeds of the said building (Note 12).

25. DEFERRED TAX

	Group				Company	
	Balance sheet		Statement of comprehensive income		Balance sheet	
	2015 $	2014 $	2015 $	2014 $	2015 $	2014 $
Deferred tax liabilities						
Differences in depreciation for tax purposes	**(228,750)**	(246,392)	**(17,642)**	(72,600)	**–**	–
Provisions	**50,650**	30,692	**(19,958)**	1,500	**–**	–
	(178,100)	(215,700)			**–**	–
Deferred tax assets						
Differences in depreciation for tax purposes	**19,377**	55,365	**(2,500)**	(55,365)	**11,600**	9,100
Fair value loss - Held for trading financial assets	**799,700**	9,400	**(790,300)**	(9,400)	**799,700**	9,400
Provisions	**33,548**	49,593	**(900)**	(49,593)	**32,700**	31,800
Unabsorbed tax losses	**24,000**	31,700	**7,700**	(31,700)	**24,000**	31,700
	876,625	146,058			**868,000**	82,000
Deferred income tax (Note 10)			**(823,600)**	(217,158)		

Unrecognised tax losses

As at 31 December 2015, the Group has unabsorbed tax losses of approximately $8,857,000 (2014: $4,647,000) that are available for set-off against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these unabsorbed tax losses is subject to agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

Unrecognised temporary differences relating to investments in subsidiaries

As at 31 December 2015, no deferred tax liability (2014: nil) has been recognised for taxes that would be payable on the undistributed earnings of a subsidiary as the Group is in a position to control the dividend policy of the subsidiary and the Group has determined that undistributed earnings of the subsidiary will not be distributed in the foreseeable future. Such temporary differences for which no deferred tax liability is recognised amount to $543,000 (2014: $1,508,000).

26. SHARE CAPITAL

	Group and Company			
	2015 No of ordinary shares	2014 No of ordinary shares	2015 $	2014 $
Issued and fully paid up:				
Balance at 1 January and 31 December	**240,443,565**	240,443,565	**26,034,356**	26,034,356

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

27. TRANSLATION RESERVE

The translation reserve represents exchange differences arising from the translation of the financial statements of subsidiaries whose functional currencies are different from that of the Group's presentation currency.

28. REVENUE RESERVE

	Company	
	2015 $	2014 $
Balance at 1 January	**10,790,969**	10,869,332
Profit/(Loss) for the year	**511,433**	(78,363)
Balance at 31 December	**11,302,402**	10,790,969

The movement in the revenue reserve of the Group is shown in the consolidated statement of changes in equity.

29. CASH AND CASH EQUIVALENTS

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Cash and bank balances	**17,978,928**	19,198,187	**866,818**	3,058,833
Fixed deposits	**13,057,968**	1,057,215	**2,645,378**	–
	31,036,896	20,255,402	**3,512,196**	3,058,833
Less: Pledged fixed deposits (Note 22)	**(1,958,390)**	(1,050,414)		
Less: Cash margin for trade facilities	–	(1,200,000)		
Cash and cash equivalents for the consolidated cash flow statement	**29,078,506**	18,004,988		

Some of the bank balances earn interest at floating rates based on daily bank deposit rates.

The cash and bank balances denominated in foreign currencies as at 31 December are as follows:

Renminbi	–	39,914	–	–
Singapore Dollar	**51,716**	1,482,584	–	–
United States Dollar	**3,015,987**	4,197,513	**2,673,224**	789,033

30. RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements between the Group and related parties, the following significant transactions took place at terms agreed between the parties.

(a) Sale and purchase of goods and services

In 2014, two (2) companies, in which an independent director of the Company was deemed to be interested, provided certain legal and professional services amounting to $30,300 and $16,000 to the Group and the Company respectively.

(b) Compensation of key management personnel

	Group	
	2015	2014
	$	$
Salaries and other short-term employee benefits	**1,231,144**	1,245,726
Central Provident Fund contributions	**45,679**	42,600
Total compensation to key management personnel	**1,276,823**	1,288,326

Included in the above is compensation to directors of the Company amounting to $731,279 (2014: $710,189).

30. RELATED PARTY TRANSACTIONS - *continued*

(c) Corporate guarantees

The Company has issued corporate guarantees to banks for bank facilities of certain subsidiaries. These guarantees require the Company to reimburse the banks if the subsidiaries fail to make payments when due in accordance with the terms of the bank facilities. No liability is expected to arise from the issuance of these corporate guarantees.

31. COMMITMENTS

(a) Operating lease commitments – as lessee

The Group has entered into commercial leases on warehouses and vehicles with renewal options included in the contracts. There are no restrictions placed upon the Group by entering into these leases.

Future minimum lease rental payable under non-cancellable operating leases as at 31 December are as follows:

	Group	
	2015	**2014**
	$	**$**
Within 1 year	**171,516**	147,115
Within 2 to 5 years	**145,307**	875
	316,823	147,990

(b) Operating lease commitments – as lessor

The Group and the Company have entered into commercial property leases on its freehold industrial building with renewal options included in the contracts.

Future minimum lease rental receivable under non-cancellable operating leases as at 31 December are as follows:

	Group and Company	
	2015	**2014**
	$	**$**
Within 1 year	**246,038**	427,670
Within 2 to 5 years	**74,800**	141,600
	320,838	569,270

31. COMMITMENTS - *continued*

(c) Capital commitment

As at 31 December 2014, the Group had a capital commitment in respect of a development property contracted for but not recognised in the financial statements of $11,696,000.

32. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

(i) The Homeland Security Services segment is involved in the provision of homeland security related sales and services as well as the supply and choreography of pyrotechnic and firework displays.

(ii) The Consumer Electronic Products segment is involved in the design, development and manufacturing of consumer electronic products.

(iii) The Property segment is involved in investment and development of properties.

(iv) The Corporate and Others segment is involved in Group-level corporate services, investments and other miscellaneous businesses.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are as per terms agreed between the parties. Group taxation is managed on a group basis and is not allocated to operating segments. Group financing is managed on a group basis but the interest expense is charged to the respective segment utilising the borrowings.

32. SEGMENT INFORMATION - *continued*

	Homeland Security Services $	Consumer Electronic Products $	Property $	Corporate and Others $	Adjustments and eliminations $	Total $
2015						
Segment revenue						
Sales to external customers	7,077,198	7,661,593	22,030,087	2,720,702	–	39,489,580
Inter-segment sales	5,895	–	–	1,228,503	(1,234,398) (1)	–
Total revenue	7,083,093	7,661,593	22,030,087	3,949,205	(1,234,398)	39,489,580
Segment results:						
Depreciation of property, plant and equipment	341,904	24,733	–	229,107	–	595,744
Fair value loss on held for trading financial assets	–	–	–	4,648,537	–	4,648,537
Gain on disposal of property, plant and equipment	109	1,105	–	23,304	–	24,518
Gain on disposal of a subsidiary	–	–	–	142,938	–	142,938
Impairment of available-for-sale financial asset	–	–	–	478,000	–	478,000
Impairment of inventories	–	212,569	–	–	–	212,569
Impairment of trade receivables	27,820	146,901	–	–	–	174,721
Interest expense	–	60,175	–	161,910	(56,301) (1)	165,784
Interest income	6,362	7,030	20,836	59,363	(56,301) (1)	37,290
Intangible assets written off	–	206,085	–	–	–	206,085
Loss on disposal of a development property	–	–	1,946,021	–	–	1,946,021
Segment operating profit/(loss) before taxation	363,536	(1,638,485)	(2,234,988)	(3,558,711)	136	(7,068,512)
Segment assets and liabilities:						
Additions to non-current assets (2)	42,934	239,638	–	396,937	–	679,509
Segment assets	10,174,801	9,414,341	17,710,533	36,158,513	(18,993,069) (3)	54,465,119
Segment liabilities	1,566,644	5,837,220	20,160,790	9,204,970	(22,212,527) (4)	14,557,097

32. SEGMENT INFORMATION - *continued*

	Homeland Security Services $	Consumer Electronic Products $	Property $	Corporate and Others $	Adjustments and eliminations $	Total $
2014						
Segment revenue						
Sales to external customers	7,714,292	14,887,624	–	2,394,086	–	24,996,002
Inter-segment sales	7,850	–	–	1,264,217	(1,272,067) [1]	–
Total revenue	7,722,142	14,887,624	–	3,658,303	(1,272,067)	24,996,002
Segment results:						
Depreciation of property, plant and equipment	367,224	128,380	–	246,243	–	741,847
Dividend income	–	–	–	3,640	–	3,640
Fair value loss on held for trading financial assets	–	–	–	27,300	–	27,300
Interest expense	–	58,623	–	188,133	(57,804) [1]	188,952
Interest income	12,899	10,094	559	130,174	(57,804) [1]	95,922
Property, plant and equipment written off	–	53,280	–	–	–	53,280
Segment operating profit/(loss) before taxation	556,663	191,301	(107,200)	320,241	4,392	965,397
Segment assets and liabilities:						
Additions to non-current assets [2]	113,365	196,385	–	3,779	–	313,529
Segment assets	13,993,723	12,595,626	17,838,347	34,634,819	(19,244,334) [3]	59,818,181
Segment liabilities	693,831	6,586,926	17,940,997	7,701,423	(19,005,118) [4]	13,918,059

[1] Inter-segment transactions are eliminated on consolidation.

[2] These consist of additions to property, plant and equipment and intangible assets.

32. SEGMENT INFORMATION - *continued*

(3) The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated balance sheet:

	Group	
	2015 $	2014 $
Deferred tax assets	**876,625**	146,058
Inter-segment assets	**(19,869,694)**	(19,390,392)
	(18,993,069)	(19,244,334)

(4) The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated balance sheet:

	Group	
	2015 $	2014 $
Provision for taxation	**4,568**	107,703
Deferred tax liabilities	**178,100**	215,700
Inter-segment liabilities	**(22,395,195)**	(19,328,521)
	(22,212,527)	(19,005,118)

Geographical information

Revenue information based on the geographical location of customers is as follows:

	Revenue	
	2015 $	2014 $
Australia	**22,030,087**	–
United States of America	**7,396,231**	11,682,925
Singapore	**9,799,087**	7,776,157
Taiwan	**175,563**	1,221,683
Germany	**–**	1,366,355
Hong Kong	**38,841**	280,815
People's Republic of China	**244**	54,494
Others	**49,527**	2,613,573
	39,489,580	24,996,002

The Group's non-current assets, other than available-for-sale financial asset and deferred tax assets, are mainly situated in Singapore.

Information about major customers

Revenue from one (2014: one) major customer amounts to sales of $7,567,769 (2014: $10,091,457) by the Consumer Electronic Products segment.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include liquidity risk, credit risk, interest rate risk, foreign currency risk and market price risk. It is, and has been throughout the current and previous years, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposures to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) Liquidity risk

Liquidity risk is the risk that the Group or the Company will not be able to meet its financial obligations as and when they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group reviews its working capital and investment requirements to assess the adequacy of cash and cash equivalents and sufficiency of stand-by credit facilities from financial institutions to finance the operations.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the balance sheet date based on contractual undiscounted repayment obligations.

	Group 2015			
	Less than 1 year $	2 to 5 years $	More than 5 years $	Total $
Financial assets:				
Trade and other receivables	3,214,342	–	–	3,214,342
Held for trading financial assets	1,925,665	–	–	1,925,665
Fixed deposits	13,057,968	–	–	13,057,968
Cash and bank balances	17,978,928	–	–	17,978,928
Total undiscounted financial assets	36,176,903	–	–	36,176,903
Financial liabilities:				
Trade and other payables	6,973,017	–	–	6,973,017
Borrowings	7,322,776	–	–	7,322,776
Total undiscounted financial liabilities	14,295,793	–	–	14,295,793
Total net undiscounted financial assets	21,881,110	–	–	21,881,110

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - *continued*

(a) *Liquidity risk - continued*

	Group 2014			
	Less than 1 year $	2 to 5 years $	More than 5 years $	Total $
Financial assets:				
Trade and other receivables	3,037,248	–	–	3,037,248
Held for trading financial assets	212,940	–	–	212,940
Fixed deposits	1,057,215	–	–	1,057,215
Cash and bank balances	19,198,187	–	–	19,198,187
Total undiscounted financial assets	23,505,590	–	–	23,505,590
Financial liabilities:				
Trade and other payables	8,208,637	–	–	8,208,637
Borrowings	507,271	2,477,587	3,367,213	6,352,071
Total undiscounted financial liabilities	8,715,908	2,477,587	3,367,213	14,560,708
Total net undiscounted financial assets/ (liabilities)	14,789,682	(2,477,587)	(3,367,213)	8,944,882

	Company 2015			
	Less than 1 year $	2 to 5 years $	More than 5 years $	Total $
Financial assets:				
Trade and other receivables	**18,439,739**	**–**	**–**	**18,439,739**
Held for trading financial assets	**1,925,665**	**–**	**–**	**1,925,665**
Fixed deposits	**2,645,378**	**–**	**–**	**2,645,378**
Cash and bank balances	**866,818**	**–**	**–**	**866,818**
Total undiscounted financial assets	**23,877,600**	**–**	**–**	**23,877,600**
Financial liabilities:				
Trade and other payables	**1,981,415**	**–**	**–**	**1,981,415**
Borrowings	**7,322,776**	**–**	**–**	**7,322,776**
Total undiscounted financial liabilities	**9,304,191**	**–**	**–**	**9,304,191**
Total net undiscounted financial assets	**14,573,409**	**–**	**–**	**14,573,409**

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - *continued*

(a) *Liquidity risk - continued*

	Company 2014			
	Less than 1 year $	2 to 5 years $	More than 5 years $	Total $
Financial assets:				
Trade and other receivables	18,315,744	–	–	18,315,744
Held for trading financial assets	212,940	–	–	212,940
Cash and bank balances	3,058,833	–	–	3,058,833
Total undiscounted financial assets	21,587,517	–	–	21,587,517
Financial liabilities:				
Trade and other payables	2,057,603	–	–	2,057,603
Borrowings	507,271	2,477,587	3,367,213	6,352,071
Total undiscounted financial liabilities	2,564,874	2,477,587	3,367,213	8,409,674
Total net undiscounted financial assets/ (liabilities)	19,022,643	(2,477,587)	(3,367,213)	13,177,843

(b) *Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including quoted equity shares and cash and cash equivalents), the Group and the Company minimise credit risk by dealing with high credit rating parties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the balance sheet date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheets.

The information regarding credit enhancements for trade and other receivables is disclosed in Note 20.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - *continued*

(b) *Credit risk - continued*

Exposure to credit risk - continued

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the balance sheet date is as follows:

	2015		2014	
Group	**$**	**% of total**	**$**	**% of total**
By country:				
Singapore	**734,580**	**24.1**	1,064,561	38.5
Taiwan	**–**	**–**	79,118	2.8
United States of America	**2,309,810**	**75.8**	1,397,461	50.5
Others	**1,908**	**0.1**	227,116	8.2
	3,046,298	**100.0**	2,768,256	100.0
By industry sectors:				
Homeland Security Services	**733,780**	**24.1**	1,019,860	36.8
Consumer Electronic Products	**2,312,518**	**75.9**	1,738,084	62.8
Corporate and Others	**–**	**–**	10,312	0.4
	3,046,298	**100.0**	2,768,256	100.0

At the balance sheet date, approximately 76% (2014: 44%) of the Group's trade receivables is due from one (2014: one) major customer who is located overseas and nil% (2014: 16%) of the Group's trade receivables is due from nil (2014: one) major customer who is located in Singapore.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents and quoted equity shares that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 20.

(c) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises mainly from their borrowings and fixed deposits. The Group currently does not use any derivative financial instruments to manage its exposure to changes in interest rates and it is the Group's policy to obtain the most favourable interest rates available without increasing its foreign currency exposure.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - *continued*

(c) *Interest rate risk - continued*

Sensitivity analysis for interest rate risk

At the balance sheet date, if interest rates had been 50 (2014: 50) basis points lower/ higher with all other variables held constant, the Group's loss before taxation would have been $3,000 lower/higher (2014: $46,000 lower/higher profit before taxation), arising mainly as a result of lower/higher interest expense on floating rate borrowings which is moderated by lower/higher interest income on floating rate fixed deposits and bank balances.

(d) *Foreign currency risk*

The Group has transactional currency exposures arising from sales or purchases that are denominated in currencies other than the respective functional currencies of the Group entities, primarily Australian Dollar (AUD), SGD and United States Dollar (USD). The foreign currencies in which these transactions are denominated are mainly Malaysian Ringgit (MYR), SGD and USD. Approximately 1% (2014: 24%) and 1% (2014: 24%) of the Group's sales and cost of sales are denominated in foreign currencies respectively. In addition, the Group has foreign currency risk exposure relating to trade and other receivables (Note 20), held for trading financial assets (Note 21), trade and other payables (Note 23), fixed deposits (Note 22) and cash and bank balances (Note 29).

During the year, the Group did not use any hedging instruments to protect against the volatility associated with foreign currency purchases and sales of products and the assets and liabilities created in the normal course of business. The Group minimises its foreign currency exposure by creating natural hedges by matching costs and revenue of its projects with the same currencies.

The Group is also exposed to currency translation risk arising from its net investments in foreign currencies, including AUD, HKD, RMB and USD. The Group's net investments in these currencies are not hedged as the currency positions are considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's loss/profit before taxation to a reasonably possible change in the foreign currency exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	Group Increase/(decrease) in loss/profit before taxation	
	2015	**2014**
	$	**$**
MYR/SGD		
- strengthened 5% (2014: 5%)	**(88,912)**	–
- weakened 5% (2014: 5%)	**88,912**	–
SGD/USD		
- strengthened 5% (2014: 5%)	**25,692**	127,601
- weakened 5% (2014: 5%)	**(25,692)**	(127,601)
USD/HKD		
- strengthened 5% (2014: 5%)	**(9,026)**	56,425
- weakened 5% (2014: 5%)	**9,026**	(56,425)
USD/SGD		
- strengthened 5% (2014: 5%)	**(141,656)**	159,726
- weakened 5% (2014: 5%)	**141,656**	(159,726)

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - *continued*

(e) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group and the Company are exposed to equity price risk arising from its investments in quoted equity shares. These instruments are quoted on the stock exchanges and are classified as held for trading. The Group does not have exposure to commodity price risk.

The Group and the Company manage the risk exposure by evaluation of investment opportunities, continuously monitoring the performance of investments held and assessing market risk relevant to which the investments operate.

Sensitivity analysis for equity price risk

At the balance sheet date, if the prices of the quoted shares had been 5% higher/lower with all other variables held constant, the Group's loss before taxation would have been $96,000 lower/higher (2014: $11,000 higher/lower profit before taxation), arising as a result of higher/lower fair value gain on held for trading financial assets.

34. FAIR VALUE OF ASSETS AND LIABILITIES

A. Fair value hierarchy

The Group categorise fair value measurement using a fair value hierarchy that is dependent on the valuation input used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

There have been no transfers between Level 1, Level 2 and Level 3 fair value measurements during the years ended 31 December 2015 and 2014.

34. FAIR VALUE OF ASSETS AND LIABILITIES - *continued*

B. Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the balance sheet date:

	Group and Company Quoted prices in active market for identical instruments (Level 1)	
	2015	**2014**
	$	**$**
Financial assets:		
Held for trading financial assets		
- Quoted equity shares (Note 21)	**1,925,665**	212,940

Determination of fair value

Fair value of the quoted equity shares is determined directly by reference to their published market price at the balance sheet date.

35. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2015 and 2014.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio within 100%. The Group includes within net debt, loans and borrowings, trade and other payables and provisions, less cash and bank balances and fixed deposits. Capital includes equity attributable to owners of the Company.

35. CAPITAL MANAGEMENT - *continued*

	Group	
	2015	2014
	$	$
Trade and other payables (Note 23)	**7,031,363**	8,297,654
Borrowings (Note 24)	**7,196,009**	5,127,941
	14,227,372	13,425,595
Less: Fixed deposits and cash and bank balances (Notes 22 and 29)	**(31,036,896)**	(20,255,402)
Net cash	**(16,809,524)**	(6,829,807)
Equity attributable to owners of the Company	**39,908,022**	45,900,122
Capital and net cash	**23,098,498**	39,070,315
Gearing ratio	**–**	–

The Company and three (3) subsidiaries are required by certain banks to maintain a certain amount of equity or net tangible assets. These externally imposed capital requirements have been complied with for the years ended 31 December 2015 and 2014.

36. DIVIDENDS

	Group and Company	
	2015	2014
	$	$
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the Annual General Meeting:		
- Final one-tier tax-exempt dividend of 3 cents (2014: nil cents) per share	**7,213,307**	–

37. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 31 March 2016.

SHARE CAPITAL

Total number of issued shares excluding treasury shares	:	240,443,565
Number of treasury shares held	:	NIL
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	%	No. of shares	%
1 - 99	9	0.95	203	0.00
100 - 1,000	70	7.38	48,516	0.02
1,001 - 10,000	183	19.28	1,252,352	0.52
10,001 - 1,000,000	667	70.28	49,227,425	20.47
1,000,001 AND ABOVE	20	2.11	189,915,069	78.99
TOTAL	949	100.00	240,443,565	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of shares	%
1	COCKPIT INTERNATIONAL PTE LTD	60,567,262	25.19
2	KHOO BEE LENG JOANNA (QIU MEILING, JOANNA)	26,846,400	11.17
3	UOB KAY HIAN PRIVATE LIMITED	23,730,466	9.87
4	LYE CHEE FEI ANTHONY	13,082,400	5.44
5	MAYBANK KIM ENG SECURITIES PTE. LTD.	10,072,675	4.19
6	OCBC SECURITIES PRIVATE LIMITED	9,755,999	4.06
7	CIMB SECURITIES (SINGAPORE) PTE. LTD.	8,959,834	3.73
8	RAFFLES NOMINEES (PTE) LIMITED	6,651,200	2.77
9	KHO CHUAN THYE PATRICK	6,648,900	2.77
10	PHILLIP SECURITIES PTE LTD	4,837,433	2.01
11	DBS NOMINEES (PRIVATE) LIMITED	4,165,833	1.73
12	DB NOMINEES (SINGAPORE) PTE LTD	3,000,000	1.25
13	SINGAPORE NOMINEES PRIVATE LIMITED	1,999,000	0.83
14	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	1,708,600	0.71
15	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	1,653,067	0.69
16	LOH WAI LENG	1,500,000	0.62
17	EST OF YEAP LAM WAH, DECD	1,413,000	0.59
18	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	1,166,000	0.48
19	BANK OF SINGAPORE NOMINEES PTE. LTD.	1,096,000	0.45
20	CITIBANK CONSUMER NOMINEES PTE LTD	1,061,000	0.44
	TOTAL	189,915,069	78.99

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders as at 18 March 2016)

	Direct Interest		Deemed Interest		Total Interest	
Name	**No. of shares**	**%**	**No. of shares**	**%**	**No. of shares**	**%**
Teo Kok Woon	-	-	68,250,728(1)	28.39	68,250,728	28.39
Cockpit International Pte Ltd	60,567,262	25.19	-	-	60,567,262	25.19
Yeo Gek Lang Susie	-	-	60,567,262(2)	25.19	60,567,262	25.19
Goodearth Realty Pte Ltd	-	-	60,567,262(2)	25.19	60,567,262	25.19
Lye Chee Fei Anthony	13,082,400	5.44	26,846,400(3)	11.17	39,928,800	16.61
Khoo Bee Leng Joanna	26,846,400	11.17	13,082,400(4)	5.44	39,928,800	16.61

Notes :-

(1) Teo Kok Woon is deemed to be interested in 60,567,262 shares held by Cockpit International Pte Ltd and 7,683,466 shares held by UOB Kay Hian Private Limited as nominee of Teo Kok Woon.

(2) 60,567,262 shares were held in the name of Cockpit International Pte Ltd in which Yeo Gek Lang Susie and Goodearth Realty Pte Ltd are deemed to be interested.

(3) Lye Chee Fei Anthony is deemed to be interested in the 26,846,400 shares held by Khoo Bee Leng Joanna, the spouse of Lye Chee Fei Anthony.

(4) Khoo Bee Leng Joanna is deemed to be interested in the 13,082,400 shares held by Lye Chee Fei Anthony, the spouse of Khoo Bee Leng Joanna.

COMPLIANCE WITH RULE 723 OF THE SGX-ST LISTING MANUAL SECTION B : RULES OF CATALIST (CATALIST RULE)

Based on information available and to the best knowledge of the Company as at 18 March 2016, approximately 51.78% of the ordinary shares of the Company are held by the public. Therefore, the Company is in compliance with Rule 723 of the Catalist Rule.

NOTICE IS HEREBY GIVEN that an Annual General Meeting of TSH Corporation Limited (the **"Company"**) will be held at 62 Burn Road #06-01 TSH Centre Singapore 369976 on Friday, 29 April 2016 at 10.30 a.m. to transact the following businesses:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2015 together with the Directors' Statement and the Auditor's Report thereon.
(Resolution 1)

2. To declare a final one-tier tax-exempt dividend of three (3) Singapore cents per ordinary share for the financial year ended 31 December 2015.
(Resolution 2)

3. To approve Directors' Fees of S$100,000 for the financial year ended 31 December 2015 (2014: S$99,178/-).
(Resolution 3)

4. To re-elect Mr Tan Dah Ching who is retiring in accordance with Article 107 of the Company's Constitution. *(See Explanatory Note 1)*
(Resolution 4)

5. To re-appoint Messrs Ernst & Young LLP, Public Accountants and Chartered Accountants, as auditors of the Company and to authorise the Directors to fix their remuneration.
(Resolution 5)

6. To transact any other ordinary business which may be properly transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Resolution as Ordinary Resolution, with or without modifications:

7. **Authority to issue shares**

"That, pursuant to Section 161 of the Companies Act, Cap. 50 of Singapore (the **"Act"**) and Rule 806 of Section B: Rules of Catalist of the Listing Manual of the Singapore Exchange Securities Trading Limited (the **"SGX-ST"**) (**"Rules of Catalist"**), authority be and is hereby given to the Directors of the Company to:-

(a) (i) allot and issue shares in the capital of the Company (**"Shares"**) whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, **"Instruments"**) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) notwithstanding the authority conferred by this Resolution may have ceased to be in force, issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

(1) the aggregate number of Shares to be issued (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed one hundred per cent (100%) of the Company's total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent (50%) of the Company's total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST), for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of the total number of issued Shares (excluding treasury shares) is based on the Company's total number of issued Shares (excluding treasury shares) at the time this Resolution is passed, after adjusting for:

(i) new Shares arising from the conversion or exercise of convertible securities outstanding or subsisting at the time this Resolution is passed;

(ii) new Shares arising from the exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the share options or share awards (as the case may be), were granted in compliance with Part VIII of Chapter 8 of the Rules of Catalist; and

(iii) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Directors shall comply with the requirements imposed by the SGX-ST from time to time and the provisions of the Rules of Catalist for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Act, and the Constitution for the time being of the Company; and

(4) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."
(See Explanatory Note 2)

(Resolution 6)

BY ORDER OF THE BOARD

Chan Lai Yin
Company Secretary

Singapore, 14 April 2016

Following are explanatory notes to the Notice of the Annual General Meeting

1. Mr Tan Dah Ching, if re-elected, will remain as Chairman of the Nominating Committee and member of the Audit and Remuneration Committees. Mr Tan will be considered independent for the purpose of Rule 704(7) of the Rules of Catalist.

2. The Ordinary Resolution 6 proposed in item 7 above, if passed, will empower the Directors of the Company from the date of the above Annual General Meeting until the date of the next Annual General Meeting, to allot and issue Shares and/or Instruments in the Company. The aggregate number of Shares (including any Shares issued pursuant to Instruments made or granted) which the Directors may allot and issue under this Resolution, shall not exceed one hundred per cent (100%) of the Company's total number of issued Shares (excluding treasury shares). For issues of Shares other than on a pro-rata basis to all shareholders, the aggregate number of Shares to be issued shall not exceed fifty per cent (50%) of Company's total number of issued Shares (excluding treasury shares). This authority will, unless previously revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. However, notwithstanding the cessation of this authority, the Directors are empowered to issue Shares pursuant to any Instruments made or granted under this authority.

Notes: -

(i) A proxy need not be a member of the Company.

(ii) Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Act, a member entitled to attend and vote at this meeting is entitled to appoint not more than two proxies to attend and vote in his stead.

(iii) Where a member appoints more than one proxy, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no percentage is specified, the first named proxy shall be treated as representing one hundred per cent (100%) of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.

(iv) A member who is a Relevant Intermediary is entitled to appoint more than two proxies to attend and vote at this meeting, but each proxy must be appointed to exercise the rights attached to different shares held by such member. Where such member appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

(v) A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time appointed for holding the meeting in order for the Depositor to be entitled to attend and vote at the Annual General Meeting.

(vi) The instrument appointing a proxy must be deposited at the registered office of the Company at 62 Burn Road #06-01 TSH Centre Singapore 369976 not less than 48 hours before the time appointed for holding the meeting.

Personal data privacy:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the **"Purposes"**), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Notice of Book Closure and Dividend Payment Date

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 11 May 2016 for the preparation of dividend warrants for a first and final, one-tier tax-exempt dividend of three (3) Singapore cents per ordinary share.

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd at 50 Raffles Place Singapore Land Tower #32-01 Singapore 048623 up to 5.00 p.m. on 10 May 2016 will be registered to determine shareholders' entitlements to the proposed final dividend.

Shareholders whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 10 May 2016 will be entitled to the proposed final dividend.

The proposed final dividend, if approved by the shareholders at the Annual General Meeting to be held on 29 April 2016, will be paid on 26 May 2016.

BY ORDER OF THE BOARD

Chan Lai Yin
Company Secretary

Singapore, 14 April 2016

PROXY FORM

TSH CORPORATION LIMITED

(Company Registration No. 200003865N)

IMPORTANT
1. Pursuant to Section 181(1C) of the Companies Act, Chapter 50 (the "Act"), Relevant Intermediaries may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For investors who have used their CPF monies to buy shares in the Company, this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors are requested to contact their respective Agent Banks for any queries they may have with regard to their appointment as proxies.

*I/We ______________________________ (Name) ____________________ (NRIC/Passport No.)

of ____ (Address)

being *a member/members of TSH Corporation Limited (the "**Company**"), hereby appoint

Name	NRIC/ Passport No.	Address	Proportion of shareholdings to be represented by proxy (%)

*and/or

Name	NRIC/ Passport No.	Address	Proportion of shareholdings to be represented by proxy (%)

of failing him/them the Chairman of the Annual General Meeting, as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 62 Burn Road #06-01 TSH Centre Singapore 369976 on Friday, 29 April 2016 at 10.30 a.m. and at any adjournment thereof.

I/we direct my/our proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the Annual General Meeting as indicated with an "X" in the spaces provided hereunder. If no specific direction as to voting is given, the proxy/proxies may vote or abstain from voting at his/their discretion as he/they may on any other matters arising at the Annual General Meeting.

☐ Please tick here if more than two proxies will be appointed (Please refer to note 4). This is only applicable for intermediaries such as banks and capital markets services licence holders which provide custodial services.

No.	Ordinary Resolutions	For	Against
Ordinary Business			
1.	Adopt the Audited Financial Statements, Directors' Statement and Auditor's Report for the financial year ended 31 December 2015.		
2.	Declaration of final dividend for the financial year ended 31 December 2015.		
3.	Approval of Directors' fees.		
4.	Re-election of Mr Tan Dah Ching as a Director of the Company.		
5.	Re-appointment of Messrs Ernst & Young LLP as Auditors and to authorise the Directors to fix their remuneration.		
Special Business			
6.	Authority to allot and issue shares pursuant to the Share Issue Mandate.		

** Voting will be conducted by Poll. If you wish to exercise all your votes "For" or "Against", please indicate an "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ______________ day of ______________ 2016.

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature(s) of Member(s)/Common Seal

**Delete accordingly*

IMPORTANT. Please read notes overleaf

Notes:-

1. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, Chapter 50 of Singapore (the "Act") a member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. Where a member appoints more than one proxy, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy and if no percentage is specified, the first named proxy shall be treated as representing one hundred per cent (100%) of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.
3. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.
4. Pursuant to Section 181(1C) of the Companies Act, a member who is a Relevant Intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Meeting provided that each proxy is appointed to exercise the rights attached to different shares held by such member. In such event, the relevant intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.
5. The instrument appointing proxy or proxies must be deposited at the registered office of the Company at 62 Burn Road #06-01 TSH Centre Singapore 369976 not later than 48 hours before the time set for the Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.
7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. A corporation which is a member of the Company may, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore, authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting.
9. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies.
10. In the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the Meeting as certified by The Central Depository (Pte) Limited to the Company.
11. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

Personal data privacy:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

1st fold here

Please affix postage stamp

The Company Secretary

TSH CORPORATION LIMITED

62 Burn Road

#06-01 TSH Centre

Singapore 369976

2nd fold here

3rd fold here and seal

TSH Corporation Limited

62 Burn Road, #06-01 TSH Centre Singapore 369976

Company Registration No: 200003865N