


GSH CORPORATION LIMITED
First Quarter Financial Statements for the Period Ended 31/03/2018
PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

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

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the 1st Quarter and 3 Months Ended 31 March**

| | 1st Quarter Ended 31 March | | |
|---|----------------------------|----------------------|---------|
| | 31.3.2018 | 31.3.2017 | +/- |
| | Unaudited S\$'000 | Unaudited S\$'000 | % |
| Revenue | 24,402 | 21,001 | 16.2% |
| Cost of sales | (9,507) | (8,992) | 5.7% |
| Gross profit | 14,895 | 12,009 | 24.0% |
| Gross profit margin | 61% | 57% | 6.7% |
| Other income | 496 | 501 | (1.0%) |
| Distribution and selling expenses | (697) | (790) | (11.8%) |
| Administrative expenses | (5,987) | (5,825) | 2.8% |
| Other expenses | - | (16) | Nm |
| Operating profit | 8,707 | 5,879 | 48.1% |
| Amortisation and depreciation | (2,583) | (2,182) | 18.4% |
| Exchange loss | (487) | (9,277) | (94.8%) |
| Finance expenses | (4,304) | (6,015) | (28.4%) |
| Finance income | 547 | 1,351 | (59.5%) |
| Net change in fair value of financial derivatives | (55) | 8,877 | Nm |
| Share of profit of equity-accounted investee | 1,548 | 462 | Nm |
| Profit/(Loss) before tax | 3,373 | (905) | Nm |
| Taxation | (1,680) | (759) | Nm |
| Profit/(Loss) for the period | 1,693 | (1,664) | Nm |
| Attributable to: | | | |
| Owners of the Company | 1,108 | (1,350) | Nm |
| Non-controlling interests | 585 | (314) | Nm |
| | 1,693 | (1,664) | Nm |

| | 1st Quarter Ended 31 March | | |
|---|-----------------------------------|------------------|------------|
| | 31.3.2018 | 31.3.2017 | +/- |
| | Unaudited | Unaudited | |
| | S\$'000 | S\$'000 | % |
| Profit/(Loss) for the period | 1,693 | (1,664) | Nm |
| Other comprehensive income: | | | |
| <u>Items that may be reclassified subsequently to profit or loss:</u> | | | |
| Net change in fair value of other investments, at fair value through other comprehensive income | (3,037) | - | Nm |
| Translation differences relating to financial statements of foreign subsidiaries | 7,442 | (5,546) | Nm |
| Share of foreign currency translation differences of equity-accounted investees | 1,001 | - | Nm |
| Exchange differences on monetary items forming part of net investments in a foreign operation | 3,033 | (1,421) | Nm |
| <u>Items that will not be reclassified to profit or loss:</u> | | | |
| Net change in fair value of other investments, at fair value through other comprehensive income | (379) | - | Nm |
| Total comprehensive income for the period | 9,753 | (8,631) | Nm |
| Attributable to: | | | |
| Owners of the Company | 7,460 | (7,083) | Nm |
| Non-controlling interests | 2,293 | (1,548) | Nm |
| | 9,753 | (8,631) | Nm |

Notes to Group profit and loss account

1 a(i) Pre-tax profit of the Group is arrived at after charging/(crediting) the following:

| | 1st Quarter Ended 31 March | | |
|--|-----------------------------------|-------------------|------------|
| | 31.03.2018 | 31.03.2017 | +/- |
| | Unaudited | Unaudited | |
| | S\$'000 | S\$'000 | % |
| Personnel expenses* | 6,627 | 5,686 | 16.6% |
| Operating lease expenses | 177 | 220 | (19.5%) |
| Non-executive directors' fees | 88 | 76 | 15.8% |
| Executive directors' remuneration | 360 | 300 | 20.0% |
| Depreciation of property, plant & equipment | 2,583 | 2,182 | 18.4% |
| Foreign exchange loss | 487 | 9,277 | (94.8%) |
| Rental income | (74) | (382) | (80.6%) |
| Write back of allowance for inventory obsolescence | (1) | (2) | (50.0%) |
| Reversal of impairment loss on trade receivables | (1) | (1) | 0.0% |

* Personnel expenses inclusive of executive directors' remuneration

Nm - Not meaningful

1(b)(i) A balance sheet (for the company and group), together with a comparative statement as at the end of the immediately preceding financial year.

CONSOLIDATED FINANCIAL POSITION as at 31 MARCH

| | Group | | Company | |
|---|------------------------------------|----------------------------------|------------------------------------|----------------------------------|
| | 31.03.2018 Unaudited S\$'000 | 31.12.2017 Audited S\$'000 | 31.03.2018 Unaudited S\$'000 | 31.12.2017 Audited S\$'000 |
| ASSETS | | | | |
| Property, plant and equipment | 413,077 | 403,404 | 29,812 | 29,962 |
| Investment property | 5,159 | 5,260 | - | - |
| Investment in subsidiaries | - | - | 313 | 313 |
| Investment in associated company | 61,189 | 58,640 | - | - |
| Other investments | 76,101 | - | 76,101 | - |
| Non-current assets | 555,526 | 467,304 | 106,226 | 30,275 |
| Development property | 221,388 | 211,762 | - | - |
| Inventories | 930 | 986 | - | - |
| Trade receivables | 3,247 | 5,090 | 31 | 70 |
| Other receivables, deposits and prepayments | 9,631 | 8,512 | 5,340 | 4,643 |
| Amounts due from subsidiaries (non-trade) | - | - | 335,676 | 333,049 |
| Fixed deposits | 81,592 | 136,212 | 77,081 | 96,500 |
| Cash and bank balances | 195,839 | 100,472 | 146,786 | 86,790 |
| Current assets | 512,627 | 463,034 | 564,914 | 521,052 |
| Total assets | 1,068,153 | 930,338 | 671,140 | 551,327 |
| EQUITY | | | | |
| Share capital | 343,458 | 343,458 | 343,458 | 343,458 |
| Treasury shares | (5,131) | (5,131) | (5,131) | (5,131) |
| Reserves | 89,089 | 81,629 | 28,093 | 33,640 |
| Equity attributable to equity holders of the Company | 427,416 | 419,956 | 366,420 | 371,967 |
| Non-controlling interests | 60,440 | 58,147 | - | - |
| Total equity | 487,856 | 478,103 | 366,420 | 371,967 |
| LIABILITIES | | | | |
| Loans and borrowings | 335,245 | 326,909 | 149,207 | 149,319 |
| Redeemable preference shares | 439 | 419 | - | - |
| Deferred tax liabilities | 60,238 | 58,475 | - | - |
| Non current liabilities | 395,922 | 385,803 | 149,207 | 149,319 |
| Trade payables | 4,961 | 3,542 | - | - |
| Other payables and accruals | 33,897 | 38,886 | 9,940 | 13,778 |
| Loans and borrowings | 141,887 | 20,957 | 130,802 | 809 |
| Amounts due to subsidiaries (non-trade) | - | - | 13,772 | 14,447 |
| Amounts due to related parties | 404 | 301 | - | - |
| Provision for taxation | 2,287 | 1,862 | 60 | 123 |
| Derivative financial liabilities | 939 | 884 | 939 | 884 |
| Current liabilities | 184,375 | 66,432 | 155,513 | 30,041 |
| Total liabilities | 580,297 | 452,235 | 304,720 | 179,360 |
| Total equity and liabilities | 1,068,153 | 930,338 | 671,140 | 551,327 |

1(b)(ii) Aggregate amount of group's borrowings and debt securities**Amount repayable in one year or less, or on demand**

| As at 31 March 2018 | | | As at 31 December 2017 | | |
|---------------------|-----------|---------|------------------------|-----------|---------|
| Secured | Unsecured | Total | Secured | Unsecured | Total |
| S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| 141,887 | - | 141,887 | 20,957 | - | 20,957 |

Amount repayable after one year

| As at 31 March 2018 | | | As at 31 December 2017 | | |
|---------------------|-----------|---------|------------------------|-----------|---------|
| Secured | Unsecured | Total | Secured | Unsecured | Total |
| S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| 206,336 | 129,348 | 335,684 | 198,068 | 129,260 | 327,328 |

Total borrowings*

| As at 31 March 2018 | | | As at 31 December 2017 | | |
|---|-----------|---------|---|-----------|---------|
| Secured | Unsecured | Total | Secured | Unsecured | Total |
| S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| 348,223 | 129,348 | 477,571 | 219,025 | 129,260 | 348,285 |
| - Attributable to owners of the Company | | 438,090 | - Attributable to owners of the Company | | 308,978 |
| - Attributable to non-controlling interests | | 39,481 | - Attributable to non-controlling interests | | 39,307 |

Less: Cash and cash equivalents

| As at 31 March 2018 | | | As at 31 December 2017 | | |
|---|--|---------|---|--|---------|
| S\$'000 | | | S\$'000 | | |
| 277,431 | | | 236,684 | | |
| | | S\$'000 | | | S\$'000 |
| - Attributable to owners of the Company | | 264,330 | - Attributable to owners of the Company | | 223,705 |
| - Attributable to non-controlling interests | | 13,101 | - Attributable to non-controlling interests | | 12,979 |

Net borrowings

| As at 31 March 2018 | | | As at 31 December 2017 | | |
|---|--|---------|---|--|---------|
| S\$'000 | | | S\$'000 | | |
| 200,140 | | | 111,601 | | |
| | | S\$'000 | | | S\$'000 |
| - Attributable to owners of the Company | | 173,760 | - Attributable to owners of the Company | | 85,273 |
| - Attributable to non-controlling interests | | 26,380 | - Attributable to non-controlling interests | | 26,328 |

Details of any collateral

As at 31 March 2018, the Group's borrowings were secured by legal charges on the Group's development properties of \$89.2 million (2017: \$85.5 million), property, plant and equipment of \$196.8 million (2017: \$192.5 million), and pledge of fixed deposits and bank balances of S\$168.0 million (2017: S\$38.6 million).

*Including redeemable preference shares

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

GROUP CONSOLIDATED STATEMENT OF CASH FLOWS

| | GROUP | |
|---|----------------------------|-----------------|
| | 1st Quarter Ended 31 March | |
| | 2018 | 2017 |
| | Unaudited | Unaudited |
| | S\$'000 | S\$'000 |
| Cash flows from operating activities | | |
| Profit/(Loss) for the period | 1,693 | (1,664) |
| Adjustment for: | | |
| Depreciation of property, plant & equipment | 2,583 | 2,182 |
| Interest expense | 4,304 | 6,015 |
| Interest income | (547) | (1,351) |
| Write back of allowance for inventory obsolescence | (1) | (2) |
| Loss on disposal of property, plant & equipment | - | 6 |
| Reversal of impairment loss on trade receivables | (1) | (1) |
| Unrealised foreign exchange (gain)/loss arising from revaluation of fixed deposit pledged | (264) | 9,359 |
| Share of profit of equity-accounted investee | (1,548) | (462) |
| Net change in fair value of financial derivatives | 55 | (8,877) |
| Tax expense | 1,680 | 759 |
| Operating profit before working capital changes | <u>7,954</u> | <u>5,964</u> |
| Change in | | |
| Development property | (4,819) | 36,213 |
| Inventories | 57 | (25) |
| Trade and other receivables | 553 | (10,194) |
| Trade and other payables | (4,961) | (1,667) |
| Cash (used in)/ from operations | <u>(1,216)</u> | <u>30,291</u> |
| Tax paid, net | (1,391) | (829) |
| Net cash (used in)/ from operating activities | <u>(2,607)</u> | <u>29,462</u> |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (784) | (215) |
| Payment for investment in associated company | - | (40,974) |
| Payment for acquisition of other investments | (79,517) | - |
| Deposits and cash balances pledged | (129,200) | 634 |
| Interest received | 719 | 444 |
| Net cash used in investing activities | <u>(208,782)</u> | <u>(40,111)</u> |

| | GROUP | |
|--|-----------------------------------|------------------|
| | 1st Quarter Ended 31 March | |
| | 2018 | 2017 |
| | Unaudited | Unaudited |
| | S\$'000 | S\$'000 |
| Cash flows from financing activities | | |
| Finance expense paid (including amounts capitalised in development property) | (2,508) | (5,553) |
| Payment of finance lease obligations | (112) | (89) |
| Proceeds from borrowings | 131,356 | 34,344 |
| Repayment of borrowings | (6,521) | (7,816) |
| Net cash from financing activities | <u>122,215</u> | <u>20,886</u> |
| Net (decrease)/increase in cash and cash equivalents | (89,173) | 10,237 |
| Effect of exchange rate changes on balances held in foreign currencies | 457 | 157 |
| Cash and cash equivalents at beginning of the period | 198,121 | 45,319 |
| Cash and cash equivalents at end of the period (Note A) | <u>109,404</u> | <u>55,713</u> |

| | GROUP | |
|--|-----------------------------------|------------------|
| | 1st Quarter Ended 31 March | |
| | 2018 | 2017 |
| | Unaudited | Unaudited |
| | S\$'000 | S\$'000 |
| Note A: Cash and cash equivalents comprise: | | |
| Fixed deposits | 81,592 | 268,942 |
| Cash and bank balances | 195,839 | 7,706 |
| Fixed deposits and cash and bank balances included in assets classified as held for sale | - | 40,868 |
| | <u>277,431</u> | <u>317,516</u> |
| Less: fixed deposits and cash balances pledged | (168,027) | (261,803) |
| Cash and cash equivalents | <u>109,404</u> | <u>55,713</u> |

1(d)(i) A statement (for the company and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of changes in Equity as at 31 March 2018

| Group | Attributable to owners of Company | | | | | | | | Total Equity S\$'000 |
|--|-----------------------------------|-------------------------------|------------------------------------|------------------------------------|-----------------------------------|-----------------------------------|------------------|--|----------------------------|
| | Share capital S\$'000 | Treasury Shares S\$'000 | Asset | | Fair value reserves S\$'000 | Accumulated profits S\$'000 | Total S\$'000 | Non- controlling interest S\$'000 | |
| | | | revaluation reserves S\$'000 | Translation reserves S\$'000 | | | | | |
| At 1 January 2018 | 343,458 | (5,131) | 4,132 | (34,685) | - | 112,182 | 419,956 | 58,147 | 478,103 |
| Total comprehensive income for the year | | | | | | | | | |
| Profit for the period | - | - | - | - | - | 1,108 | 1,108 | 585 | 1,693 |
| Other comprehensive income | | | | | | | | | |
| Net change in fair value of other investments | - | - | - | | (3,416) | - | (3,416) | - | (3,416) |
| Share of foreign currency translation differences of equity-accounted investees | - | - | - | 1,001 | - | - | 1,001 | | 1,001 |
| Foreign currency translation differences relating to foreign operations | - | - | - | 5,734 | - | - | 5,734 | 1,708 | 7,442 |
| Exchange differences on monetary items forming part of net investment in a foreign operation | - | - | - | 3,033 | - | - | 3,033 | - | 3,033 |
| Total other comprehensive income, net of tax | - | - | - | 9,768 | (3,416) | - | 6,352 | 1,708 | 8,060 |
| Total comprehensive income for the year | - | - | - | 9,768 | (3,416) | 1,108 | 7,460 | 2,293 | 9,753 |
| As at 31 March 2018 | 343,458 | (5,131) | 4,132 | (24,917) | (3,416) | 113,290 | 427,416 | 60,440 | 487,856 |

Statement of changes in Equity as at 31 March 2017

| Group | Attributable to owners of Company | | | | | | | Total Equity S\$'000 |
|--|-----------------------------------|-------------------------------|------------------------------------|------------------------------------|-----------------------------------|------------------|--|----------------------------|
| | Share capital S\$'000 | Treasury Shares S\$'000 | Asset | | | Total S\$'000 | Non- controlling interest S\$'000 | |
| | | | revaluation reserves S\$'000 | Translation reserves S\$'000 | Accumulated profits S\$'000 | | | |
| At 1 January 2017 | 343,458 | (5,131) | 4,132 | (41,011) | 44,235 | 345,683 | 92,451 | 438,134 |
| Total comprehensive income for the year | | | | | | | | |
| Loss for the period | - | - | - | - | (1,350) | (1,350) | (314) | (1,664) |
| Other comprehensive income | | | | | | | | |
| Foreign currency translation differences relating to foreign operations | | | | (4,312) | - | (4,312) | (1,234) | (5,546) |
| Exchange differences on monetary items forming part of net investment in a foreign operation | - | - | - | (1,421) | - | (1,421) | - | (1,421) |
| Total other comprehensive income, net of tax | - | - | - | (5,733) | - | (5,733) | (1,234) | (6,967) |
| Total comprehensive income for the year | - | - | - | (5,733) | (1,350) | (7,083) | (1,548) | (8,631) |
| As at 31 March 2017 | 343,458 | (5,131) | 4,132 | (46,744) | 42,885 | 338,600 | 90,903 | 429,503 |

Statements of changes in Equity as at 31 March 2018**Company**

| | Share capital S\$'000 | Treasury Share S\$'000 | Fair value reserves S\$'000 | Accumulated (losses)/profit S\$'000 | Total S\$'000 |
|--|-----------------------------|------------------------------|-----------------------------------|---|------------------|
| As at 1 January 2018 | 343,458 | (5,131) | - | 33,640 | 371,967 |
| Total comprehensive income for the year | | | | | |
| Loss for the period | - | - | - | (2,131) | (2,131) |
| Other comprehensive income | | | | | |
| Net change in fair value of other investments | - | - | (3,416) | - | (3,416) |
| Total other comprehensive income, net of tax | - | - | (3,416) | - | (3,416) |
| Total comprehensive income for the year | - | - | (3,416) | (2,131) | (5,547) |
| As at 31 March 2018 | 343,458 | (5,131) | (3,416) | 31,509 | 366,420 |
| As at 1 January 2017 | 343,458 | (5,131) | - | (26,258) | 312,069 |
| Total comprehensive income for the year | | | | | |
| Loss for the period | - | - | - | (2,410) | (2,410) |
| Total comprehensive income for the year | - | - | - | (2,410) | (2,410) |
| As at 31 March 2017 | 343,458 | (5,131) | - | (28,668) | 309,659 |

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Details changes in the company's share capital arising from share buy-backs are as follows:

| | Number of shares issued and fully paid | Share capital S\$'000 | Number of treasury shares | Treasury shares S\$'000 |
|--|---|------------------------------|----------------------------------|--------------------------------|
| As at 1 January 2018/ 31 March 2018 | 1,977,036,050 | 343,458 | (18,102,700) | (5,131) |
| As at 1 January 2017/ 31 March 2017 | 1,977,036,050 | 343,458 | (18,102,700) | (5,131) |

The percentage of the aggregate number of treasury shares held against the total number of shares issued as at 31 March 2018 and 31 March 2017 is 0.92%.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

| | |
|---|----------------------|
| | 31.03.2018 |
| Total number of issued shares | 1,977,036,050 |
| Total number of treasury shares | (18,102,700) |
| Total number of issued shares (excluding treasury shares) | <u>1,958,933,350</u> |
| | 31.03.2017 |
| Total number of issued shares | 1,977,036,050 |
| Total number of treasury shares | (18,102,700) |
| Total number of issued shares (excluding treasury shares) | <u>1,958,933,350</u> |

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

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

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

There were no sales, transfers, disposal, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

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

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

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in Note 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as those applied in the Group's most recently audited financial statements for the year ended 31 December 2017.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

In adopting the new SFRS(I) framework with effect from 1 January 2018, the Group is required to apply the specific transition requirements in SFRS(I) First-time Adoption of International Financial Reporting Standards.

In addition, during the current financial year, the Group has adopted the following new SFRS(I), amendments and interpretations of SFRS(I) which took effect from financial year beginning from 1 January 2018:

- SFRS(I) 9 Financial Instruments
- Amendments to SFRS(I) I-28 Measuring an Associate or Joint Venture at Fair Value
- Amendments to SFRS(I) I-40 Transfers of Investment Property
- Amendments to SFRS(I) I Deletion of short-term exemptions for first-time adopters

The adoption of the above SFRS(I), amendments and interpretations of SFRS(I) is assessed to have no material impact to the results and financial position of the Group.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

| | 1st Quarter Ended 31 March | | |
|--|----------------------------|------------|-------|
| | 31.03.2018 | 31.03.2017 | +/- % |
| Earnings per ordinary share of the Group based on net profit/(loss) attributable to shareholders:- | | | |
| i) Based on weighted average number of shares (cents) | 0.057 | (0.069) | Nm |
| -Weighted average number of shares ('000) | 1,958,933 | 1,958,933 | |
| ii) On a fully diluted basis (cents) | 0.057 | (0.069) | Nm |
| -Adjusted weighted average number of shares ('000) | 1,958,933 | 1,958,933 | |

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

| | Group | | | Company | | |
|------------------------------------|---------------------------|---------------------------|-------|---------------------------|---------------------------|-------|
| | 31.03.2018 (S\$ cents) | 31.12.2017 (S\$ cents) | +/- % | 31.03.2018 (S\$ cents) | 31.12.2017 (S\$ cents) | +/- % |
| Net asset value per ordinary share | 21.82 | 21.38 | 2.1% | 18.71 | 18.99 | -1.5% |

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Profit and Loss

The Group recorded revenue of S\$24.4 million in Q12018, compared to S\$21.0 million in Q12017, and an operating profit of S\$8.7 million in Q12018, compared to S\$5.9 million in Q12017. It posted a net profit after tax of S\$1.7 million in Q12018, compared to a net loss after tax of S\$1.7 million in Q12017.

In Q12018, our property business registered revenue of S\$3.7 million, compared to S\$3.3 million in Q12017, which was contributed from the progressive sales recognised from the Group's Eaton Residences project in Kuala Lumpur, Malaysia.

Our hospitality business grew by 17%, from S\$17.7 million in Q12017 to S\$20.7 million in Q12018, due mainly to the continued increase in room occupancy and average room rates at our two hotels in Sutera Harbour Resort in Kota Kinabalu, Sabah.

The Group had entered into a loan and deposit arrangement ("LDA") with a bank, which had a foreign exchange exposure. This exposure was fully hedged with a financial derivative. The LDA lapsed in Q22017. Consequently, there was a reduction of the exchange loss, net change in fair value of financial derivatives, finance expenses and finance income.

The Group recorded S\$1.5 million share of profit from its associated company in Q12018, which was acquired in March 2017.

Balance Sheet

In Q12018, the Group held treasury investments. These investments yielded dividend income amounting to S\$0.3 million, which was recorded under other income. As of 31 March 2018, the investments were fair valued at S\$19.7 million.

Similarly, the Group had also invested in various fixed tenor principal protected securities, in Q12018. The rationale of these investments is to earn a yield on unutilised cash balances. As of 31 March 2018, these investments were fair valued at S\$56.4 million.

Accordingly, the total investments of both treasury investments and principal protected securities, of S\$76.1 million were recorded as other investments in the Balance Sheet.

In Q12018, the Group entered into a foreign exchange swap arbitrage opportunity. This transaction resulted in an increase in both cash and loan balances of S\$130.0 million. This transaction is fully hedged and the Group has no foreign currency exposure arising from it.

Cash Flow Analysis

For the first quarter ended 31 March 2018, the operating profit before working capital changes, was S\$8.0 million. However, after adjusting for working capital changes, the Group recorded a net cash outflow from operating activities, of S\$2.6 million.

The Group registered a net cash outflow from investing activities of S\$208.8 million, which was due mainly to the payment for acquisition of other investments of S\$79.5 million, and increase in deposit and cash balances pledged of S\$129.2 million.

The Group recorded a net cash inflow from financing activities of S\$122.2 million, which was due mainly to the net proceeds from borrowings of S\$124.8 million.

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

Not applicable.

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

There are no new significant trends and competitive conditions.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

No

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

No

(c) Date payable

Not Applicable

(d) Books closure date

Not Applicable

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

No dividend has been declared in respect of the current financial period.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company does not have a general mandate for IPTs.

14. Segment Analysis

SEGMENT ANALYSIS

| | 3 Months Ended 31 March 2018 | | | | 3 Months Ended 31 March 2017 | | | |
|--|------------------------------|---------------------|--------------------|------------------|------------------------------|---------------------|--------------------|------------------|
| | Hospitality S\$'000 | Property S\$'000 | Others* S\$'000 | Total S\$'000 | Hospitality S\$'000 | Property S\$'000 | Others* S\$'000 | Total S\$'000 |
| Segment revenue | 20,700 | 3,702 | 750 | 25,152 | 17,738 | 3,913 | 750 | 22,401 |
| Elimination of inter-segment revenue | - | - | (750) | (750) | - | (650) | (750) | (1,400) |
| External revenue | 20,700 | 3,702 | - | 24,402 | 17,738 | 3,263 | - | 21,001 |
| Interest income | 94 | 115 | 338 | 547 | 103 | 35 | 1,213 | 1,351 |
| Interest expense | (2,090) | (251) | (1,963) | (4,304) | (2,113) | (2,011) | (1,891) | (6,015) |
| Depreciation | (2,142) | (277) | (164) | (2,583) | (1,980) | (152) | (50) | (2,182) |
| Reportable segment profit/(loss) before tax | 5,417 | 2,151 | (4,195) | 3,373 | 3,733 | (1,910) | (2,728) | (905) |
| Tax expense | (1,625) | (55) | - | (1,680) | (1,065) | 306 | - | (759) |
| Reportable segment profit/(loss) after tax | 3,792 | 2,096 | (4,195) | 1,693 | 2,668 | (1,604) | (2,728) | (1,664) |
| Share of profit of equity-accounted investee | - | 1,548 | - | 1,548 | - | 462 | - | 462 |
| Reportable segment assets | 403,713 | 332,917 | 331,523 | 1,068,153 | 380,236 | 850,085 | 294,001 | 1,524,322 |
| Reportable segment liabilities | (214,343) | (75,006) | (290,948) | (580,297) | (208,493) | (547,360) | (338,966) | (1,094,819) |

* General corporate activities

Geographical Information

| | Revenue 3 months ended 31 March | | Non-current assets 3 months ended 31 March | |
|--------------|------------------------------------|-----------------|---|-----------------|
| | 2018 S\$'000 | 2017 S\$'000 | 2018 S\$'000 | 2017 S\$'000 |
| Malaysia | 24,402 | 17,738 | 385,894 | 364,676 |
| China | - | - | 61,189 | 41,436 |
| Singapore | - | 3,263 | 103,284 | 27,680 |
| Middle East | - | - | 5,159 | 5,928 |
| Total | 24,402 | 21,001 | 555,526 | 439,720 |

15. Negative Assurance Confirmation Under Rule 705(5) of the Listing Manual

We, Gilbert Ee Guan Hui and Kenneth Goi Kok Ming, being the two Executive Directors of GSH Corporation Limited, do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the 1Q2018 financial results to be false or misleading in any material respect.

16. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company confirms it has procured the undertakings.

BY ORDER OF THE BOARD

Lee Tiong Hock
Company Secretary
11 May 2018