



PS GROUP HOLDINGS LTD.

Company Registration No. 201311530Z

## Financial Statements and Dividend Announcement For The Half Year Ended 30 June 2014

PS Group Holdings Ltd. (the "Company") was listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 11 July 2013. The initial public offering ("IPO") of the Company was sponsored by United Overseas Bank Limited (the "Sponsor").

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this announcement.

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

The contact persons for the Sponsor are Mr Khong Choun Mun, Managing Director, Corporate Finance and Mr David Tham, Senior Director, Corporate Finance, who can be contacted at 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 048624, Telephone: +65 6539 1177.

### Part I Information Required for the Announcement of Half-Year Results

**1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

The Company was incorporated in the Republic of Singapore on 30 April 2013 under the Companies Act (Chapter 50) of Singapore as a private limited company. The group comprising the Company and its subsidiary (the "Group") was formed pursuant to a restructuring exercise (the "Restructuring Exercise") undertaken to streamline and rationalise the Group's structure prior to the Company's listing on Catalist. Please refer to the Company's offer document dated 3 July 2013 (the "Offer Document") for further details on the Restructuring Exercise.

For the purpose of this announcement, the results of the Group for the six months ended 30 June 2014 ("1H FY2014") and the comparative results of the Group for the six months ended 30 June 2013 ("1H FY2013") have been prepared on the assumption that the Group structure following the completion of the Restructuring Exercise had been in existence during the periods of presentation because the entities are under common control.

	Group		
	1H FY2014 S\$	1H FY2013 S\$	Increase/ (Decrease) %
<b>Revenue</b>	5,510,510	6,101,414	(9.7)
Cost of sales	(3,911,161)	(4,439,693)	(11.9)
<b>Gross profit</b>	1,599,349	1,661,721	(3.8)
Other income	14,231	8,360	70.2
<b>Expenses</b>			
Selling and distribution expenses	(319,949)	(276,769)	15.6
Administration expenses	(985,439)	(1,140,464)	(13.6)
Finance expenses	(31,522)	(30,369)	3.8
<b>Profit before taxation</b>	276,670	222,479	24.4
Income tax expense	(13,844)	(58,465)	(76.3)
<b>Profit for the period</b>	262,826	164,014	60.2
<b>Other comprehensive income for the period</b>	-	-	
<b>Total comprehensive income for the period</b>	262,826	164,014	60.2
<b>Profit for the period attributable to:</b>			
Owners of the Company	262,826	164,014	60.2

**1(a)(ii) The net profit attributable to owners of the Company includes the following charges/ (credits):**

Depreciation of property, plant and equipment	93,610	73,335	27.6
Net exchange loss	(412)	9,523	(104.3)
IPO expenses, net <sup>1</sup>	-	348,046	NM

<sup>1</sup> Net IPO expenses is derived after deducting amount to be capitalised.

NM denotes not meaningful



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

	Group		Company	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
	S\$	S\$	S\$	S\$
<b>ASSETS</b>				
<b>Non-current assets</b>				
Investment in subsidiary	-	-	6,803,522	6,803,522
Property, plant and equipment	3,175,897	3,085,762	1,467	-
	<u>3,175,897</u>	<u>3,085,762</u>	<u>6,804,989</u>	<u>6,803,522</u>
<b>Current assets</b>				
Inventories	7,405,067	7,741,130	-	-
Trade and other receivables	2,063,335	1,965,576	3,539,305	5,078,851
Prepayments	48,821	147,097	1,599	34,600
Cash and cash equivalents	3,318,561	3,109,026	1,434,470	10,906
	<u>12,835,784</u>	<u>12,962,829</u>	<u>4,975,374</u>	<u>5,124,357</u>
<b>Total assets</b>	<u>16,011,681</u>	<u>16,048,591</u>	<u>11,780,363</u>	<u>11,927,879</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	2,091,620	2,030,047	97,521	103,000
Loans and borrowings	1,133,333	1,133,333	-	-
Income tax payable	65,585	116,925	-	-
	<u>3,290,538</u>	<u>3,280,305</u>	<u>97,521</u>	<u>103,000</u>
<b>Net current assets</b>	<u>9,545,246</u>	<u>9,682,524</u>	<u>4,877,853</u>	<u>5,021,357</u>
<b>Non-current liabilities</b>				
Loans and borrowings	900,000	1,216,667	-	-
Deferred tax liabilities	29,410	22,712	-	-
	<u>929,410</u>	<u>1,239,379</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<u>4,219,948</u>	<u>4,519,684</u>	<u>97,521</u>	<u>103,000</u>
<b>Net assets</b>	<u>11,791,733</u>	<u>11,528,907</u>	<u>11,682,842</u>	<u>11,824,879</u>
<b>Equity attributable to owners of the Company</b>				
Share capital	11,397,030	11,397,030	11,397,030	11,397,030
Retained earnings	6,798,209	6,535,383	285,812	427,849
Merger reserves	(6,403,506)	(6,403,506)	-	-
<b>Total equity</b>	<u>11,791,733</u>	<u>11,528,907</u>	<u>11,682,842</u>	<u>11,824,879</u>
<b>Total equity and liabilities</b>	<u>16,011,681</u>	<u>16,048,591</u>	<u>11,780,363</u>	<u>11,927,879</u>

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:

	As at 30 June 2014		As at 31 December 2013	
Group	Secured	Unsecured	Secured	Unsecured
	S\$	S\$	S\$	S\$
Amount repayable in one year or less, or on demand <sup>1</sup>	2,533,449	-	2,471,656	-
Amount repayable after one year	900,000	-	1,216,667	-
	<u>3,433,449</u>	<u>-</u>	<u>3,688,323</u>	<u>-</u>

<sup>1</sup> Included in the amount repayable in one year or less, or on demand is trust receipts which was classified under trade and other payables on the statements of financial position.

#### Details of collaterals

The Group's bank borrowings and trust receipts are secured by (i) a first legal mortgage over the leasehold properties of the Group; and (ii) corporate guarantees issued by the Company.



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

	30 June 2014 S\$	30 June 2013 S\$
<b>Operating activities:</b>		
Profit before taxation	276,670	222,479
Adjustments for:		
Interest income	(3,613)	(222)
Finance expenses	31,522	30,369
Depreciation of property, plant and equipment	93,610	73,335
Loss on disposal of property, plant and equipment	439	-
Total adjustments	121,958	103,482
<b>Operating cash flows before changes in working capital</b>	<b>398,628</b>	<b>325,961</b>
<b>Changes in working capital:</b>		
Decrease/(increase) in inventories	336,063	(115,539)
Increase in trade and other receivables, and prepayments	(1,751)	(526,148)
Increase in trade and other payables	1,654	39,428
Total changes in working capital	335,966	(602,259)
<b>Cash generated from/(used in) operations</b>	<b>734,594</b>	<b>(276,298)</b>
Income tax paid	(58,485)	(114,575)
Interest received	5,881	222
<b>Net cash flows from/(used in) operating activities</b>	<b>681,990</b>	<b>(390,651)</b>
<b>Investing activities:</b>		
Purchase of property, plant and equipment	(189,185)	-
Proceeds from sales of property, plant and equipment	5,000	-
<b>Net cash flows used in investing activities</b>	<b>(184,185)</b>	<b>-</b>
<b>Financing activities:</b>		
Net change in trust receipts	61,792	928,765
Finance expenses paid	(33,395)	(27,500)
Proceeds from bank loans	-	2,500,000
Repayment of bank loan	(316,667)	(166,667)
Repayment of loans from directors	-	(2,600,000)
<b>Net cash flows (used in)/from financing activities</b>	<b>(288,270)</b>	<b>634,598</b>
<b>Net increase in cash and cash equivalents</b>	<b>209,535</b>	<b>243,947</b>
Cash and cash equivalents at beginning	3,109,026	334,817
<b>Cash and cash equivalents at end</b>	<b>3,318,561</b>	<b>578,764</b>



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

Statement of changes in equity	Share capital	Retained earnings	Merger reserves	Equity attributable to owners of the Company
The Group	S\$	S\$	S\$	S\$
As at 1 January 2014	11,397,030	6,535,383	(6,403,506)	11,528,907
Total comprehensive income for the period	-	262,826	-	262,826
<b>As at 30 June 2014</b>	<b>11,397,030</b>	<b>6,798,209</b>	<b>(6,403,506)</b>	<b>11,791,733</b>
As at 1 January 2013	400,016	6,403,506	-	6,803,522
Share swap pursuant to the Restructuring Exercise	(400,016)	-	(6,403,506)	(6,803,522)
Issuance of shares pursuant to the Restructuring Exercise	6,803,523	-	-	6,803,523
Total comprehensive income for the period	-	164,014	-	164,014
<b>As at 30 June 2013</b>	<b>6,803,523</b>	<b>6,567,520</b>	<b>(6,403,506)</b>	<b>6,967,537</b>
<b>The Company</b>				
As at 1 January 2014	11,397,030	427,849	-	11,824,879
Total comprehensive income for the period	-	(142,037)	-	(142,037)
<b>As at 30 June 2014</b>	<b>11,397,030</b>	<b>285,812</b>	<b>-</b>	<b>11,682,842</b>
Date of incorporation	1	-	-	1
Share swap pursuant to the Restructuring Exercise	6,803,522	-	-	6,803,522
<b>As at 30 June 2013</b>	<b>6,803,523</b>	<b>-</b>	<b>-</b>	<b>6,803,523</b>

- 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 and warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the numbers of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

The Company's share capital as at 30 June 2014 was S\$11,397,030.

There were no changes in the Company's share capital since the end of the previous period reported on and there were no outstanding convertibles or shares held as treasury shares as at 30 June 2013 and 30 June 2014.

- 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.

	Number of ordinary shares as at	
	30 June 2014	31 December 2013
Total number of issued shares excluding treasury shares	68,000,000	68,000,000



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1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/ or use of treasury shares as at the end of the current financial period reported on.  
Not applicable.

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 auditors of the Company.

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.

Save as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the Group's financial statements for the financial period ended 30 June 2014 as its most recently audited financial statements for the financial year ended 31 December 2013.

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.

The Group has adopted all the new and revised Financial Reporting Standards ("FRS") and interpretations of FRS ("INT FRS") that are relevant to the Group and effective for the financial year beginning on 1 January 2014. The adoption of these new and revised FRS and INT FRS does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current financial period ended 30 June 2014 or prior periods.

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:

Earnings per ordinary share:-

	Group	
	1H FY2014	1H FY2013
Profit attributable to owners of the Company (S\$)	262,826	164,014
Weighted average number of ordinary shares:		
(a) Basic earnings per share	68,000,000	47,600,000 <sup>1</sup>
(b) Diluted earnings per share	68,000,000	47,600,000
Earnings per ordinary shares <sup>1</sup> (cents):		
(a) Based on the weighted average number of ordinary shares in issue	0.39	0.34
(b) On a fully diluted basis	0.39	0.34

The basic and diluted earnings per share are the same for 1H FY2014 and 1H FY2013 as there were no potentially dilutive instruments as at 30 June 2014 and 30 June 2013.

<sup>1</sup>The basic and diluted earnings per share for 1H FY2013 were computed based on the profit attributable to owners of the Company, and the pre-IPO share capital of 47,600,000 shares.

7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:

(a) current financial period reported on; and  
(b) immediately preceding financial year.

	Group		Company	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
Net asset value per share based on issued share capital <sup>1</sup> (cents)	17.34	16.95	17.18	17.39

<sup>1</sup>The net asset value per share of the Group and Company as at 30 June 2014 and 31 December 2013 was computed based on the post-IPO share capital of the Company of 68,000,000 shares.

- 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.

**Review of the Group's performance**

**Revenue**

The Group's revenue decreased by approximately S\$591,000 or 9.7% from S\$6.1 million in 1H FY2013 to S\$5.5 million in 1H FY2014. The decrease in revenue was mainly attributable to the decline in sales to Indonesia amidst a general slowdown in the growth of its economy. Meanwhile, the South American customer who had committed to a bulk order but had not taken delivery in the financial year ended 31 December ("FY") 2013, as previously reported on in the Group's results announcement for FY2013 on 29 January 2014, had completed the transaction during 1H FY2014.

**Gross profit**

Gross profit decreased marginally by about S\$62,000 or 3.8% from S\$1.7 million in 1H FY2013 to S\$1.6 million in 1H FY2014. The decline in gross profit was due to the more than proportionate decrease in cost of sales compared to the decrease in revenue. This resulted in an improvement in gross profit margin of 29.0% in 1H FY2014 compared to 27.2% in 1H FY2013. The Group typically experiences a fluctuation in margin from the sales of fasteners to its customers from period to period due to the demand of and supply for its various products.

**Other income**

Other income increased by about S\$6,000 from approximately S\$8,000 in 1H FY2013 to S\$14,000 in 1H FY2014. The increase was mainly due to (i) net amount of various government grants received; and (ii) higher interest income recognised on bank balances.

**Selling and distribution expenses**

Selling and distribution expenses increased by approximately S\$43,000 or 15.6% from S\$277,000 in 1H FY2013 to S\$320,000 in 1H FY2014. The increase was mainly due to higher salary expenses from the annual salary increment for sales and warehouse personnel and accrual of employment benefits.

**Administration expenses**

Administration expenses decreased by approximately S\$155,000 or 13.6% from S\$1.1 million in 1H FY2013 to S\$985,000 in 1H FY2014. The decrease was mainly due to the absence of IPO expenses of S\$348,000 incurred in 1H FY2013. This decrease was offset by the increase in (i) directors' compensation of S\$90,000; (ii) compliance cost in relation to the Company's listing status of S\$56,000; (iii) salary expenses from the annual salary increment for administration and finance personnel and accrual of employment benefits of S\$31,000; and (iv) depreciation charged of S\$20,000 mainly due to the upgrade of inventory management system.

**Finance expenses**

The fluctuation in finance expenses for 1H FY2014 and 1H FY2013 was not material.

**Income tax expense**

Income tax decreased by about S\$45,000 or 76.3% from approximately S\$58,000 in 1H FY2013 to S\$14,000 in 1H FY2014 due to higher tax deduction for certain qualified expenses under the Productivity and Innovation Credit scheme.

**Profit for the period**

As a result of the above, profit for the period increased by approximately S\$99,000 from S\$164,000 in 1H FY2013 to S\$263,000 in 1H FY2014.



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#### **Review of the Group's financial position**

##### **Non-current assets**

Non-current assets increased from S\$3.1 million as at 31 December 2013 to S\$3.2 million as at 30 June 2014 due to the net addition to property, plant and equipment from the upgrade of the Group's inventory management system.

##### **Current assets**

Current assets decreased by approximately S\$127,000 from S\$13.0 million as at 31 December 2013 to S\$12.8 million as at 30 June 2014. The decrease in current assets was mainly due to the decrease in:

- (i) inventories of S\$336,000 mainly due to the delivery of a bulk order to a customer in the month of June 2014 and the Group exercising prudence in its purchases to replenish its inventory in view of the rise in the price of fasteners; and
- (ii) prepayments of S\$98,000 mainly due to the reclassification of a prepayment amount of S\$107,000 made for the upgrade of the Group's inventory management system to property, plant and equipment when the installation was completed.

However, the decrease was offset by the increase in (i) trade and other receivables of S\$98,000 from S\$2.0 million as at 31 December 2013 to S\$2.1 million as at 30 June 2014 due mainly to higher credit sales transacted in the month of June 2014 as compared to June 2013 and which had remained outstanding as trade receivables as at 30 June 2014; and (ii) cash and cash equivalents of S\$210,000 from S\$3.1 million as at 31 December 2013 to S\$3.3 million as at 30 June 2014.

##### **Current liabilities**

There was no significant fluctuation in current liabilities which had remained relatively stable at approximately S\$3.3 million as at 30 June 2014 and 31 December 2013.

##### **Non-current liabilities**

Non-current liabilities decreased by approximately S\$310,000 from S\$1.2 million as at 31 December 2013 to S\$929,000 as at 30 June 2014 mainly due to the repayment of bank loans.

##### **Equity attributable to owners of the Company**

The increase was mainly attributable to the profits earned during the period.

#### **Review of the Group's cash flows**

##### **Net cash flows from operating activities**

In 1H FY2014, the net cash flows from operating activities was approximately S\$682,000 which consisted mainly of net cash generated from operating activities before changes in working capital of S\$399,000, net working capital inflow of S\$336,000 and tax paid of S\$58,000. The net working capital inflow arose mainly due to the decrease in inventories.

##### **Net cash flows used in investing activities**

The net cash used in investing activities of S\$184,000 was mainly due to (i) the upgrade of the inventory management system of approximately S\$107,000; (ii) purchase of new forklift of S\$40,000; and (iii) renewal of certificate of entitlement for the Group's commercial vehicle of S\$29,000.

##### **Net cash flows from financing activities**

Net cash used in financing activities amounted to approximately S\$288,000 mainly due to (i) repayment of bank loans of S\$317,000; and (ii) finance expenses paid of approximately S\$33,000. This was offset by net change in trust receipts of S\$62,000.

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

The financial performance of the Group for 1H FY2014 is generally in line with the information disclosed in section 10 of the Company's previous results announcement for FY2013 and its Annual Report 2013.

**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.**

Save as disclosed in our previous results announcements and this announcement, as at the date hereof, there are no new significant trends and competitive conditions of the industry in which the Group operates and no new significant known factors or events that may affect the Group in the next reporting period and the next 12 months.



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- 11 If a decision regarding dividend has been made, the required information has been disclosed.
- 11(a) Whether any interim (final) ordinary dividend has been declared (recommended)  
No.
- 11(b)(i) Amount per share  
Not applicable.
- 11(b)(ii) Previous corresponding period  
No.
- 11(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).  
Not applicable.
- 11(d) Date of payment.  
Not applicable.
- 11(e) The date on which Registrable Transfers received by the company (up to 5:00pm) will be registered before entitlements to the dividend are determined.  
Not applicable.
- 12 If no dividend has been declared (recommended), a statement to that effect.  
No dividend has been declared or recommended for 1H FY2014.
- 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.  
There were no IPT of S\$100,000 and above for the financial period ended 1H FY2014.  
The Company has not obtained an IPT mandate.
- 14 Use of IPO proceeds  
Pursuant to the IPO, the Company received net proceeds from the placement of the new shares of approximately S\$3.8 million as set out below. The IPO proceeds have been utilised in the manner set out below:

	Allocation of net proceeds (as disclosed in the Offer Document)	Net proceeds utilised as at date of this announcement	Balance of net proceeds as at date of this announcement
	S\$	S\$	S\$
To enhance existing warehouse facilities and upgrade the inventory management system	1,000,000	(172,000)	828,000
General working capital	2,831,000	(2,831,000)	-
	3,831,000	(3,003,000)	828,000

The Company will make periodic announcements on the use of proceeds as and when the funds are materially disbursed. Pending the deployment of the net proceeds from the placement, the funds will be placed in deposits with banks and financial institutions or invested in money market instruments or used for the Group's working capital.

- 15 Negative confirmation pursuant to Rule 705(5).  
The Board of Directors of the Company (the "Board") confirms that, to the best of its knowledge, nothing has come to the attention of the Board which may render the unaudited financial results of the Group for 1H FY2014 to be false or misleading in any material aspect.

#### ON BEHALF OF THE BOARD OF DIRECTORS

Teo Choon Hock  
Executive Chairman

Kwek Keng Seng  
Managing Director

#### BY ORDER OF THE BOARD

Teo Choon Hock  
Executive Chairman  
8 August 2014