



# TSH Corporation Limited

Company Registration Number: 200003865N

## Half-Year Unaudited Financial Statement Announcement for the Financial Period Ended 30 June 2015

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

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

**1(a)(i) 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.**

### Statement of Comprehensive Income

	The Group		
	For the 6 months ended		
	30/6/2015 S\$'000	30/6/2014 S\$'000	Increase/ (Decrease)
<b>Revenue</b>	<b>20,348</b>	<b>8,171</b>	<b>149.0%</b>
Cost of sales	(18,407)	(5,163)	256.5%
<b>Gross profit</b>	<b>1,941</b>	<b>3,008</b>	<b>-35.5%</b>
Other income	397	345	15.1%
General and administrative expenses	(1,811)	(1,825)	-0.8%
Selling and marketing expenses	(820)	(793)	3.4%
Finance costs	(80)	(70)	14.3%
Other operating expenses	(425)	(346)	22.8%
<b>(Loss)/ Profit before taxation</b>	<b>(798)</b>	<b>319</b>	n.m.
Taxation	(3)	1	n.m.
<b>(LOSS)/ PROFIT FOR THE PERIOD</b>	<b>(801)</b>	<b>320</b>	n.m.
<b>Other comprehensive income for the period, net of tax:</b>			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation	131	(81)	n.m.
<b>Other comprehensive income for the period</b>	<b>131</b>	<b>(81)</b>	n.m.
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>(670)</b>	<b>239</b>	n.m.
<b>(Loss)/ Profit attributable to:</b>			
Owners of the Company	<b>(801)</b>	<b>320</b>	n.m.
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	<b>(670)</b>	<b>239</b>	n.m.

n.m. - not meaningful

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

	<b>The Group</b>	
	<b>For the 6 months ended</b>	
	<b>30/6/2015</b>	<b>30/6/2014</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b><i>(Loss)/ Profit before taxation is arrived at after charging / (crediting) the following:-</i></b>		
Depreciation of property, plant and equipment	329	376
Fair value loss on held for trading financial asset	25	2
Foreign exchange loss, net	58	37
Gain on disposal of property, plant and equipment	(23)	-
Grant income	(114)	(68)
Interest expense	55	54
Interest income	(9)	(68)
Rental income	(240)	(200)
<b><i>Taxation:-</i></b>		
Provision in respect of (loss)/ profit for the period		
- current tax	6	-
Over provision in respect of prior periods		
- current tax	(3)	(1)
	3	(1)

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

**Statement of Financial Position**

	The Group		The Company	
	30/6/2015 S\$'000	31/12/2014 S\$'000	30/6/2015 S\$'000	31/12/2014 S\$'000
<b>Non-current assets</b>				
Property, plant and equipment	10,852	10,790	9,196	8,943
Investments in subsidiaries	-	-	9,815	9,815
Intangible assets	2,154	1,919	-	-
Available-for-sale financial asset	3,605	3,605	3,605	3,605
Deferred tax assets	146	146	82	82
	<b>16,757</b>	<b>16,460</b>	<b>22,698</b>	<b>22,445</b>
<b>Current assets</b>				
Development properties	16,495	16,075	-	-
Inventories	172	177	-	-
Gross amount due from customers for contract work-in-progress	772	1,518	-	-
Trade and other receivables	5,835	5,120	22,369	18,347
Held for trading financial asset	187	213	187	213
Fixed deposits	2,776	1,057	-	-
Cash and bank balances	13,214	19,198	4,112	3,059
	<b>39,451</b>	<b>43,358</b>	<b>26,668</b>	<b>21,619</b>
<b>Current liabilities</b>				
Gross amount due to customers for contract work-in-progress	772	169	-	-
Trade and other payables	4,485	8,297	7,025	2,083
Borrowings	996	388	452	388
Provision for taxation	39	108	-	28
	<b>6,292</b>	<b>8,962</b>	<b>7,477</b>	<b>2,499</b>
<b>Net current assets</b>	<b>33,159</b>	<b>34,396</b>	<b>19,191</b>	<b>19,120</b>
<b>Non-current liabilities</b>				
Borrowings	4,470	4,740	4,470	4,740
Deferred tax liabilities	216	216	-	-
	<b>4,686</b>	<b>4,956</b>	<b>4,470</b>	<b>4,740</b>
<b>Net assets</b>	<b>45,230</b>	<b>45,900</b>	<b>37,419</b>	<b>36,825</b>
<b>Equity attributable to the owners of the Company</b>				
Share capital	26,034	26,034	26,034	26,034
Translation reserve	548	417	-	-
Revenue reserve	18,648	19,449	11,385	10,791
<b>Total equity</b>	<b>45,230</b>	<b>45,900</b>	<b>37,419</b>	<b>36,825</b>

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

**Amount repayable in one year or less, or on demand**

As at 30/6/2015 S\$'000		As at 31/12/2014 S\$'000	
Secured	Unsecured	Secured	Unsecured
996	-	388	-

**Amount repayable after one year**

As at 30/6/2015 S\$'000		As at 31/12/2014 S\$'000	
Secured	Unsecured	Secured	Unsecured
4,470	-	4,740	-

**Details of any collateral**

The Group's secured borrowings are secured by its freehold industrial building and the assignment of rental income generated from the said building or the bank balances and fixed deposits pledged.

The Company also provides corporate guarantees for the borrowings of the subsidiaries within the Group.

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

**Statement of Cash Flows**

	<b>The Group</b>	
	<b>For the 6 months ended</b>	
	<b>30/6/2015</b>	<b>30/6/2014</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash Flows From Operating Activities</b>		
<b>(Loss)/ Profit before taxation</b>	<b>(798)</b>	<b>319</b>
Adjustments for:		
Depreciation of property, plant and equipment	329	376
Dividend income	-	(4)
Fair value loss on held for trading financial asset	25	2
Gain on disposal of property, plant and equipment	(23)	-
Interest expense	55	54
Interest income	(9)	(68)
Net effect of currency translation differences	(62)	59
<b>Operating cash flows before changes in working capital</b>	<b>(483)</b>	<b>738</b>
Increase in development properties	(420)	(387)
Decrease in inventories	5	6
Decrease/ (Increase) in gross amount due from/to customers for contract work-in-progress, net	1,349	(1,295)
Increase in trade and other receivables	(721)	(1,534)
Decrease in trade and other payables	(3,791)	(3,089)
<b>Cash flows used in operations</b>	<b>(4,061)</b>	<b>(5,561)</b>
Taxes paid	(66)	(671)
Interest paid	(76)	(65)
Interest received	9	68
<b>Net cash flows used in operating activities</b>	<b>(4,194)</b>	<b>(6,229)</b>
<b>Cash Flows From Investing Activities</b>		
Net cash inflow on acquisition of a subsidiary, net (Note A)	-	10
Dividend income received	-	11
Proceeds from disposal of property, plant and equipment	52	-
Proceeds from disposal of held for trading financial asset	-	291
Additions to intangible assets	(233)	-
Purchase of property, plant and equipment	(418)	(26)
<b>Net cash flows (used in)/ generated from investing activities</b>	<b>(599)</b>	<b>286</b>
<b>Cash Flows From Financing Activities</b>		
(Placement)/ Redemption of pledged bank balances and deposits	(1,726)	506
Proceeds from/ (Repayments) of borrowings	338	(216)
Repayment of loan due to third parties	-	(7,754)
<b>Net cash flows used in financing activities</b>	<b>(1,388)</b>	<b>(7,464)</b>
Net decrease in cash and cash equivalents	(6,181)	(13,407)
Effect of exchange rate changes on cash and cash equivalents	190	(144)
Cash and cash equivalents at beginning of period	18,005	30,558
<b>Cash and cash equivalents at end of period (Note B)</b>	<b>12,014</b>	<b>17,007</b>

### 1(c) Statement of cash flows (for the Group)

#### Note A:-

On 28 May 2014, the Company acquired the entire equity interest of TSH Land Pte Ltd ("TSH Land") which was formerly known as Gaw Pte Ltd. Upon the acquisition, TSH Land became a 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:-

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

\*\* : S\$2

#### Note B:-

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

	<b>The Group</b>	
	<b>30/6/2015</b>	<b>30/6/2014</b>
	<b>S\$000</b>	<b>S\$000</b>
Fixed deposits	2,776	12,457
Cash and bank balances	13,214	6,800
	15,990	19,257
Less: Bank balances and fixed deposits pledged	(3,976)	(2,250)
	12,014	17,007

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

**Statement of Changes in Equity**

The Group	Share capital S\$'000	Revenue reserve S\$'000	Translation reserve S\$'000	Total equity S\$'000
As at 1 January 2015	26,034	19,449	417	45,900
Loss for the period	-	(801)	-	(801)
Foreign currency translation	-	-	131	131
Other comprehensive income for the period	-	-	131	131
Total comprehensive income for the period	-	(801)	131	(670)
As at 30 June 2015	26,034	18,648	548	45,230
As at 1 January 2014	26,034	18,407	162	44,603
Profit for the period	-	320	-	320
Foreign currency translation	-	-	(81)	(81)
Other comprehensive income for the period	-	-	(81)	(81)
Total comprehensive income for the period	-	320	(81)	239
As at 30 June 2014	26,034	18,727	81	44,842

The Company	Share capital S\$'000	Revenue reserve S\$'000	Total equity S\$'000
As at 1 January 2015	26,034	10,791	36,825
Profit for the period	-	594	594
Total comprehensive income for the period	-	594	594
As at 30 June 2015	26,034	11,385	37,419
As at 1 January 2014	26,034	10,869	36,903
Loss for the period	-	(1,298)	(1,298)
Total comprehensive income for the period	-	(1,298)	(1,298)
As at 30 June 2014	26,034	9,571	35,605

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

There were no changes in the Company's share capital during the 6 months ended 30 June 2015. There were no outstanding convertibles or treasury shares as at 30 June 2015 and 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 immediate preceding year.**

Total number of issued shares excluding treasury shares was 240,443,565 as at 30 June 2015 (31 December 2014: 240,443,565 shares).

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

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during 1H2015.

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

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

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

Not applicable.

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

The Group has adopted the same accounting policies and methods of computation in the financial statements for the current financial period compared with the audited financial statements as at 31 December 2014 except for the adoption of certain revised Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that became mandatory from 1 January 2015. The adoption of these FRS and INT FRS did not result in any substantial changes to the Group's accounting policies or any significant impact on the financial statements.

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

Refer to paragraph 4 above.



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

The Group	For the 6 months ended	
	30/6/2015 Cents	30/6/2014 Cents
Basic <sup>(1)</sup>	(0.33)	0.13
Diluted <sup>(2)</sup>	(0.33)	0.13

**Notes:-**

(1) Basic earnings per ordinary share were calculated based on the net (loss)/profit after tax attributable to owners of the Company divided by the weighted average number of shares in issue of 240,443,565 for 1H2015 (1H2014: 240,443,565 shares).

(2) There were no potential dilutive ordinary shares during 1H2015 and 1H2014.

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

	The Group		The Company	
	30/6/2015 Cents	31/12/2014 Cents	30/6/2015 Cents	31/12/2014 Cents
Net asset value per ordinary share <sup>(1)</sup>	18.81	19.09	15.56	15.32

**Note:-**

(1) The net asset value per ordinary share was calculated based on the net assets divided by 240,443,565 ordinary shares as at 30 June 2015 (31 December 2014: 240,443,565).

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

## **STATEMENT OF COMPREHENSIVE INCOME**

### **Revenue**

The revenue of the Group increased by S\$12.18m or about 1.5 times from S\$8.17m in 1H2014 to S\$20.35m in 1H2015 due mainly to the sale of a property held for development of S\$13.51m in 1H2015, partially offset by the decrease in revenue of the Homeland Security Services business as a result of the absence of similar major project completed in 2014.

### **Gross profit**

Despite the increase in revenue, the gross profit of the Group decreased by S\$1.07m or 35.5% from S\$3.01m in 1H2014 to S\$1.94m in 1H2015. This was due mainly to the loss from the sale of the property of S\$0.20m as mentioned above, the lower gross margin of the Consumer Electronic Products business and the lower revenue of the Homeland Security Services business as explained above.

The gross margin of the Group decreased by 27.3 percentage points from 36.8% in 1H2014 to 9.5% in 1H2015 due mainly to the loss from the sale of the property as mentioned above and the lower gross margin of the Consumer Electronic Products business. The loss from the sale of the property was due mainly to the architecture costs incurred at the initial project planning stage and the lower gross margin of the Consumer Electronic Products business was due to business competition.

### **(Loss)/ Profit for the period**

The Group reported a loss of S\$0.80m in 1H2015 as compared to a profit of S\$0.32m in 1H2014 mainly attributable to the lower gross profit generated and higher other operating expenses incurred in 1H2015.

The other operating expenses increased by S\$0.08m or 22.8% from S\$0.35m in 1H2014 to S\$0.43m in 1H2015 due mainly to higher fair value loss on held for trading financial asset and higher foreign exchange loss.

### **Total comprehensive income**

As a result of the above and moderated by the foreign currency translation gain recognised, the Group reported a total comprehensive income of a loss of S\$0.67m in 1H2015.

## STATEMENT OF FINANCIAL POSITION

### Non-current assets

The Group non-current assets increased by S\$0.30m or 1.8% from S\$16.46m as at 31 December 2014 to S\$16.76m as at 30 June 2015 due to the purchase of property, plant and equipment, additions to intangible assets related to development costs for the Consumer Electronic Products business, and moderated by depreciation of property, plant and equipment.

### Current assets

The Group current assets decreased by S\$3.91m or 9.0% from S\$43.36m as at 31 December 2014 to S\$39.45m as at 30 June 2015 due mainly to:

- decrease in total cash balances (consisting of fixed deposits and cash and bank balances); and
- lower gross amount due from customers for contract work-in-progress mainly as a result of progress billings.

The decrease was moderated by the increase in trade and other receivables, due mainly to billings in June 2015 but partially offset by the reversal of deposit upon purchase of a development property, and the increase in investment in development properties.

### Current liabilities

The Group current liabilities decreased by S\$2.67m or 29.8% from S\$8.96m as at 31 December 2014 to S\$6.29m as at 30 June 2015. The decrease was due mainly to lower trade and other payables mainly as a result of payments made in 1H2015. This was moderated by the increase in borrowings and gross amount due to customers for contract work-in-progress as a result of advance billing to customers for on-going projects.

### Non-current liabilities

The Group non-current liabilities decreased by S\$0.27m or 5.4% from S\$4.96m as at 31 December 2014 to S\$4.69m as at 30 June 2015 due mainly to the repayments of borrowings.

## STATEMENT OF CASH FLOWS

The cash flows used in operating activities of S\$4.20m in 1H2015 was attributed mainly to the decrease in trade and other payables, increase in trade and other receivables, operating loss for the period and increase in development properties, but moderated by decrease in net gross amount due from customers for contract work-in-progress.

The cash flows used in investing activities of S\$0.60m in 1H2015 was attributed to the purchase of property, plant and equipment and additions to intangible assets.

The cash flows used in financing activities of S\$1.39m in 1H2015 was due to the placement of pledged bank balances and deposits, moderated by proceeds from borrowings.

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

Not applicable.

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

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

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

The Property Development business is involved in investment and development of residential properties in New South Wales and Victoria of Australia. The Group has launched its Orrong Road site in the inner eastern suburbs of Melbourne for sale in 1H2015 but it is not expected to have any significant impact on the Group's earnings for the financial year ending 31 December 2015 as the profit can only be recognised upon completion of the development.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

No.

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

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

No.

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

**12. If no dividend has been declared (recommended), a statement to that effect.**

No dividend has been declared or recommended for 1H2015.

**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 was no interested person transaction entered into during 1H2015.

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

**BY ORDER OF THE BOARD**

Lye Chee Fei Anthony  
DIRECTOR  
14 August 2015

## **CONFIRMATION BY THE BOARD**

We, Lye Chee Fei Anthony and Teo Kok Woon, being two of the directors of TSH Corporation Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the 1H2015 financial statements to be false or misleading in any material aspect.

On behalf of the Board,

Lye Chee Fei Anthony  
Chief Executive Officer

Teo Kok Woon  
Director

14 August 2015