



TYE SOON LIMITED

Company Registration No. 195700114W

Half Year Financial Statements and Dividend Announcement For The Period Ended 30 June 2016

PART 1 INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

- 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.

Consolidated Income Statement	30 June 2016 \$'000	30 June 2015 \$'000	Increase/ (Decrease) %
Revenue	105,739	100,071	5.7
Other income	114	451	(74.7)
Gain on sales of leasehold properties	7,954	-	nm
Changes in inventories of finished goods	(1,014)	5,129	nm
Cost of purchases	(83,294)	(85,340)	(2.4)
Staff costs	(11,751)	(10,301)	14.1
Depreciation expenses	(361)	(352)	2.6
Other operating expenses	(8,803)	(8,038)	9.5
Finance costs	(1,328)	(979)	35.6
Profit before tax	7,256	641	1,032.0
Tax expense	(240)	(318)	(24.5)
Profit for the period	7,016	323	2,072.1
Profit attributable to:			
Owners of the Company	6,984	286	2,342.0
Non-controlling interests	32	37	(13.5)
Profit for the period	7,016	323	2,072.1

Consolidated Statement of Comprehensive Income	30 June 2016 \$'000	30 June 2015 \$'000	Increase/ (Decrease) %
Profit for the period	7,016	323	2,072.1
Other comprehensive loss:			
Foreign currency translation differences of net assets/liabilities of foreign branch, subsidiaries and associates	(353)	(1,943)	(81.8)
Other comprehensive loss for the period, net of tax	(353)	(1,943)	(81.8)
Total comprehensive income/(loss) for the period	6,663	(1,620)	nm
Total comprehensive income/(loss) attributable to:			
Owners of the Company	6,633	(1,649)	nm
Non-controlling interests	30	29	3.4
Total comprehensive income/(loss) for the period	6,663	(1,620)	nm

1(a)(ii) The following items (with appropriate breakdown and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year:-

	30 June 2016 \$'000	30 June 2015 \$'000	Increase/ (Decrease) %
Analysis of operating expenses:			
Operating lease expenses	(2,688)	(2,691)	(0.1)
Transportation expenses	(1,498)	(1,453)	3.1
Allowance for impairment loss on trade receivables and bad debts written off	(14)	(66)	(78.8)
Allowance for inventory obsolescence	(263)	(26)	911.5
Loss on sale of property, plant and equipment	(6)	-	nm
Foreign exchange loss	(581)	(190)	205.8
Others	(3,753)	(3,612)	3.9
	(8,803)	(8,038)	9.5

	30 June 2016 \$'000	30 June 2015 \$'000	Increase/ (Decrease) %
Analysis of other income:			
Rental income	1	111	(99.1)
Amortisation of deferred income	-	117	(100.0)
Gain on sale of property, plant and equipment	-	1	(100.0)
Finance income	11	15	(26.7)
Others	102	207	(50.7)
	114	451	(74.7)

nm denotes not meaningful.

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 30 June 2016 \$'000	Group 31 Dec 2015 \$'000	Company 30 June 2016 \$'000	Company 31 Dec 2015 \$'000
Assets				
Property, plant and equipment	2,590	2,485	605	421
Goodwill on consolidation	100	104	-	-
Subsidiaries	-	-	25,442	25,754
Associates	373	379	163	162
Available-for-sale financial asset	920	920	920	920
Deferred tax assets	1,187	1,152	16	16
Loan receivables	-	-	-	-
Non-current assets	5,170	5,040	27,146	27,273
Current tax assets	447	277	-	-
Inventories	107,038	108,052	37,165	37,079
Trade and other receivables	36,839	33,739	54,181	48,845
Cash and cash equivalents	13,869	10,005	7,268	2,898
Assets held for sale	-	3,002	-	3,002
Current assets	158,193	155,075	98,614	91,824
Total assets	163,363	160,115	125,760	119,097
Equity				
Share capital	38,057	38,057	38,057	38,057
Reserves	21,394	15,512	8,369	3,148
Equity attributable to owners of the Company	59,451	53,569	46,426	41,205
Non-controlling interests	233	203	-	-
Total equity	59,684	53,772	46,426	41,205
Liabilities				
Loans and borrowings	46	53	-	-
Employee benefits	1,495	1,410	-	-
Deferred tax liabilities	50	38	-	-
Non-current liabilities	1,591	1,501	-	-
Loans and borrowings	83,856	80,611	73,185	68,666
Trade and other payables	18,116	24,083	6,149	9,226
Current tax liabilities	116	148	-	-
Current liabilities	102,088	104,842	79,334	77,892
Total liabilities	103,679	106,343	79,334	77,892
Total equity and liabilities	163,363	160,115	125,760	119,097

1(b)(ii) In relation to the aggregate amount of 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:-

(A) the amount repayable in one year or less, or on demand;

As at 30/6/2016		As at 31/12/2015	
Secured	Unsecured	Secured	Unsecured
\$'000 56	\$'000 83,800	\$'000 41	\$'000 80,570

(B) the amount repayable after one year;

As at 30/6/2016		As at 31/12/2015	
Secured	Unsecured	Secured	Unsecured
\$'000 46	\$'000 -	\$'000 53	\$'000 -

(C) whether the amounts are secured or unsecured; and

As disclosed in (A) and (B) above.

(D) details of any collaterals.

Nil.

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.

	Group 30 June 2016 \$'000	Group 30 June 2015 \$'000
Cash flows from operating activities		
Profit before tax	7,256	641
Adjustments for :		
Amortisation of deferred income	-	(117)
Gain on sales of leasehold properties	(7,954)	-
Depreciation of property, plant and equipment	361	352
Loss/(Gain) on sale of property, plant and equipment	6	(1)
Finance income	(11)	(15)
Finance costs	1,328	979
	986	1,839
Changes in working capital		
Changes in inventories	778	(6,762)
Changes in trade and other receivables	(3,134)	(1,502)
Changes in trade and other payables	(5,987)	936
Changes in bills payable and trust receipts	6,159	298
Cash used in operating activities	(1,198)	(5,191)
Tax paid	(508)	(800)
Interest paid	(443)	(394)

Net cash used in operating activities	(2,149)	(6,385)
Cash flows from investing activities		
Interest received	11	15
Proceeds from sales of leasehold properties	11,000	-
Expenses relating to sales of leasehold properties	(44)	-
Proceeds from sale of property, plant and equipment	14	1
Acquisition of property, plant and equipment	(474)	(482)
Net cash from/(used in) investing activities	10,507	(466)
Cash flows from financing activities		
Payment of finance lease liabilities	(48)	(29)
Proceeds from interest-bearing bank loans	(2,741)	8,391
Interest paid	(849)	(568)
Dividends paid	(751)	(751)
Net cash (used in)/from financing activities	(4,389)	7,043
Net increase in cash and cash equivalents	3,969	192
Cash and cash equivalents at the beginning of period	10,005	16,333
Effect of exchange rate changes on the balance of cash held in foreign currencies	(105)	(346)
Cash and cash equivalents at the end of period	13,869	16,179

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.

Group	Share capital \$'000	Other capital reserves \$'000	Translation reserve \$'000	Retained earnings \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
At 1 January 2015	38,057	3,501	(2,960)	19,187	57,785	146	57,931
Total comprehensive income for the period							
Profit for the period	-	-	-	286	286	37	323
Other comprehensive income							
Foreign currency translation differences of net assets/liabilities of foreign branch, subsidiaries and associates	-	-	(1,935)	-	(1,935)	(8)	(1,943)
Total other comprehensive income	-	-	(1,935)	-	(1,935)	(8)	(1,943)
Total comprehensive income for the period	-	-	(1,935)	286	(1,649)	29	(1,620)
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Final tax exempt (one-tier) dividend of 0.287 cents per share paid in respect of the year ended 31 December 2014	-	-	-	(751)	(751)	-	(751)
Total contributions by and distributions to owners of the Company	-	-	-	(751)	(751)	-	(751)

At 30 June 2015	38,057	3,501	(4,895)	18,722	55,385	175	55,560
At 1 January 2016	38,057	3,501	(6,132)	18,143	53,569	203	53,772
Total comprehensive income for the period							
Profit for the period	-	-	-	6,984	6,984	32	7,016
Other comprehensive income							
Foreign currency translation differences of net assets/liabilities of foreign branch, subsidiaries and associates	-	-	(351)	-	(351)	(2)	(353)
Total other comprehensive income	-	-	(351)	-	(351)	(2)	(353)
Total comprehensive income for the period	-	-	(351)	6,984	6,633	30	6,663
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Final tax exempt (one-tier) dividend of 0.861 cents per share paid in respect of the year ended 31 December 2015	-	-	-	(751)	(751)	-	(751)
Total contributions by and distributions to owners of the Company	-	-	-	(751)	(751)	-	(751)
At 30 June 2016	38,057	3,501	(6,483)	24,376	59,451	233	59,684

Company	Share capital \$'000	Translation reserve \$'000	Retained earnings \$'000	Total \$'000
At 1 January 2015	38,057	698	3,561	42,316
Total comprehensive income for the period				
Loss for the period	-	-	(1,326)	(1,326)
Other comprehensive income				
Foreign currency translation differences of net assets/liabilities of foreign branch	-	(31)	(1)	(32)
Total other comprehensive income	-	(31)	(1)	(32)
Total comprehensive income for the period	-	(31)	(1,327)	(1,358)
Transactions with owners, recognised directly in equity				
Contributions by and distributions to owners				
Final tax exempt (one-tier) dividend of 0.287 cents per share paid in respect of the year ended 31 December 2014	-	-	(751)	(751)
Total contributions by and distributions to owners of the Company	-	-	(751)	(751)
At 30 June 2015	38,057	667	1,483	40,207
At 1 January 2016	38,057	576	2,572	41,205
Total comprehensive income for the period				
Profit for the period	-	-	5,885	5,885
Other comprehensive income				
Foreign currency translation differences of net assets/liabilities of foreign branch	-	87	-	87

Total other comprehensive income	-	87	-	87
Total comprehensive income for the period	-	87	5,885	5,972
Transactions with owners, recognised directly in equity				
Contributions by and distributions to owners				
Final tax exempt (one-tier) dividend of 0.861 cents per share paid in respect of the year ended 31 December 2015	-	-	(751)	(751)
Total contributions by and distributions to owners of the Company	-	-	(751)	(751)
At 30 June 2016	38,057	663	7,706	46,426

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 immediately preceding financial year.

Not applicable.

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.

	Number of ordinary Shares	Share Capital \$'000
As at 31 Dec 2015	87,265,029	38,057
As at 30 June 2016	87,265,029	38,057

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.

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.

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.

Except as disclosed in item 5 below, the Group has adopted the same accounting policies and methods of computation in the financial statements for the current reporting year as those applied for the financial statements for the year ended 31 December 2015.

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 adopted all new or revised Singapore Financial Reporting Standards (“FRSs”) which are relevant to its operations and effective for annual periods on or after 1 January 2016.

The adoption of the new and revised FRSs did not result in any adjustment to the opening balance of accumulated profits of prior and current years or to changes in comparatives.

6. Earning 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 for the period based on profit attributable to shareholders	30 June 2016	30 June 2015 (Restated)
(a) Based on the weighted average number of ordinary shares in issue; and	8.00 cents	0.33 cents
(b) On a fully diluted basis	8.00 cents	0.33 cents

Basic earnings per share for the period ended 30 June 2016 was computed based on net profit attributable to shareholders of \$6,984,000 (30 June 2015: \$286,000) and weighted average number of ordinary shares of 87,265,029 (30 June 2015: 87,265,029 restated).

Diluted earnings per share for the period ended 30 June 2015 was computed based on net profit attributable to shareholders of \$6,984,000 (30 June 2015: \$286,000) and number of ordinary shares of 87,265,029 (30 June 2015: 87,265,029 restated).

On 9 September 2015, the Company completed a share consolidation of three existing ordinary shares into one ordinary share. Accordingly, the issued share capital of the Company comprises 87,265,029 ordinary shares, after disregarding any fractions of shares arising from the share consolidation.

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 30 June 2016	Group 31 December 2015	Company 30 June 2016	Company 31 December 2015
Net asset value per ordinary share based on issued share capital	68.1 cents	61.4 cents	53.2 cents	47.2 cents

Net asset value per ordinary share as at 30 June 2016 was computed after deducting non-controlling interest and based on existing ordinary shares of 87,265,029 (31 December 2015: 87,265,029).

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 Performance

Turnover grew by 5.7% or \$5.7 million to \$105.7 million as the pace of business picked up moderately in 1H16 after a period of steady progress last year.

The export-based business in Singapore came back onto a growth path in 1H16, with turnover registering an increase of 5.3% over 1H15. Although exports to many markets remained subdued as weak business sentiment prevailed in many of the Group's export markets, the Group benefited from having a diversified export market base as sales to a number of markets picked up pace.

In addition to efforts to regain momentum for exports, the Group continued to build its overseas operations. Business generated by the Group's overseas operations improved notably in 2Q16 after registering a marginal decline in 1Q16. Turnover grew by 6.0% overall in 1H16 in SGD terms over the previous year but this growth would have been 11.5% had exchange rates between the relevant currencies and the SGD remained the same. Currency pairs relevant to the Group remained volatile. Comparing the average exchange rates for 1H16 with 1H15, the MYR/SGD, KRW/SGD and AUD/SGD depreciated by 8.1%, 4.9% and 3.3% respectively.

Of the Group's larger overseas operations, business in South Korea continued to advance and Australia continued on its recovery course. Malaysia experienced a slower pace of growth, partially due to the high base effect in 1Q15 as customers made higher purchases prior to the implementation of the goods and services tax on 1 April 2015. In MYR terms, turnover grew by 4.5% but in SGD terms, turnover declined by 4.0% due to the notable depreciation of the MYR against the SGD.

Total margins increased by \$1.3 million due to the higher turnover at a largely steady gross margin rate.

Overall operating expenses increased by \$1.9 million mainly due to an increase in staff costs of \$1.5 million and a foreign exchange loss amounting to \$0.6 million, an increase of \$0.4 million compared to 1H15.

The increase in staff costs mainly reflected the increase in staff strength in South Korea and Australia amounting in aggregate to \$0.8 million and an accrual of \$0.4 million for the profit share for the directors in connection with the gain made from the sale of the properties at Waterloo Centre in Singapore. The team in South Korea continued to be built up to support business growth and network

expansion. In Australia, the team size grew to staff the five new sales and logistics facilities added in 2Q15.

Other income increased by \$7.6 million as a result of the gain from the sale of the Group's properties at Waterloo Centre. As the leaseback period for the property at Jurong East in Singapore had expired in January 2015, there was neither rental income nor amortization of deferred income in 1H16.

Profit from operations (PBIT) increased from \$1.6 million to \$8.6 million. Finance costs increased from \$1.0 million to \$1.3 million. Profit before and after tax increased to \$7.3 million and \$7.0 million respectively.

After accounting for foreign currency translation differences of net assets at overseas subsidiaries and branch, total comprehensive income amounted to \$6.7 million.

Balance Sheet Review

Group inventory levels were at 7.6 months as at 30 June 2016 compared to 8.1 months as at 31 December 2015. Group inventory levels decreased by \$1.0 million during 1H16 against a backdrop of increasing sales. Responding to initiatives put in place to address the issues that surfaced in 2H15, inventory levels in Australia decreased by \$2.9 million during 1H16.

Group receivable levels were at 1.9 months as at 30 June 2016 and 1.8 months as at 31 December 2015. Trade and other receivables increased by \$3.1 million, from \$33.7 million as at 31 December 2015 to \$36.8 million as at 30 June 2016.

Assets held for sale as at 31 December 2015 referred to the Group's properties at Waterloo Centre, the proposed sale of which was originally announced on 17 March 2015. The sale was completed on 1 March 2016.

Reserves increased from \$15.5 million to \$21.4 million mainly due to the gain arising from the sale of the properties at Waterloo Centre.

Loans and borrowings increased by \$3.2 million, from \$80.7 million as at 31 December 2015 to \$83.9 million as at 30 June 2016.

Group payable levels decreased by \$6.0 million, from \$24.1 million as at 31 December 2015 to \$18.1 million as at 30 June 2016. Group payable levels were relatively high as at 31 December 2015 mainly due to the higher level of purchases during 4Q15.

Cash balances increased by \$3.9 million, from \$10.0 million as at 31 December 2015 to \$13.9 million as at 30 June 2016.

The Group's Current Ratio was at 1.55 times as at 30 June 2016, compared with 1.48 times as at 31 December 2015.

The Group's net gearing level decreased to 1.17 times as at 30 June 2016 in comparison with 1.31 times as at 31 December 2015.

Cash Flow Statement Review

Cash generated from operations before accounting for changes in working capital amounted to \$1.0 million for the half year ended 30 June 2016. After accounting for changes in working capital, cash flows used in operating activities amounted to \$1.2 million. Cash flows used in operating activities after accounting for tax and net interest paid amounted to \$2.1 million. Net cash generated from investing activities amounted to \$10.5 million mainly from the proceeds of the sale of the property units at Waterloo Centre. Net cash used for financing activities amounted to \$4.4 million. Cash balances as at 30 June 2016 amounted to \$13.9 million.

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

In the announcement dated 19 February 2016, the Directors stated “the Group’s profitability is expected to improve.” The Group’s performance is consistent with the prospect statement.

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.

Anchored by the Group’s distribution network, the platform for the Group’s prospects remains resilient. The Group’s businesses in Singapore and Australia returned to growth in 1H16 and South Korea continued to advance. Malaysia made moderate progress but was held back in SGD terms due to the depreciation of the MYR against the SGD.

The continuing volatility in foreign exchange rates remains a factor as approximately 52% of the Group’s turnover is now generated by its overseas operations in foreign currencies, primarily in AUD, MYR and KRW, these being the home currencies of the Group’s larger overseas operations. A stronger SGD relative to these currencies will reduce the growth rates the Group registers in SGD.

The transaction involving the sale of the Group’s properties at Waterloo Centre was completed on 1 March 2016, yielding a gain of \$7.9 million. The Group’s profitability for the current year will be anchored by the aforementioned gain.

11. If a decision regarding dividend has been made:-
- (a) Whether an interim/final ordinary dividend has been declared (recommended); and

Yes

- (b) (i) Amounts per share.

An interim tax exempt (one-tier) dividend of 0.861 cents per ordinary share has been recommended for the financial year reported on.

An interim tax exempt (one-tier) special dividend of 3.724 cents per ordinary share has been recommended for the financial year reported on.

- (b) (ii) Previous corresponding period

An interim tax exempt (one-tier) dividend of 0.861 cents per ordinary share (restated) has been paid for the financial year reported on.

- (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.

Tax exempt (one-tier).

- (d) The date the dividend is payable

7 September 2016

- (e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

24 August 2016

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

Not applicable.

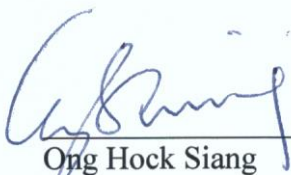
13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained IPT mandate.

14. Negative confirmation pursuant to Rule 705(5). (Not required for announcement on full year results)

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial results of the Group and the Company for the six-month period ended 30 June 2016 to be false or misleading in any material respects.

On behalf of the Board


Ong Hock Siang
Director


Ong Huat Yew, Peter
Director

15. 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 has procured signed undertakings from all of its directors and executive officers based on Appendix 7.7 of the SGX-ST Listing Manual.

BY ORDER OF THE BOARD

Evelyn Wee Kim Lin
Company Secretary
5 August 2016