TYE SOON LIMITED

Company Registration No. 195700114W

Half Year Financial Statements and Dividend Announcement For The Period Ended 30 June 2018

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 2018 $'000	30 June 2017 $'000	Increase/ (Decrease) %
Revenue	104,870	109,862	(4.5)
Other income	341	203	68.0
Changes in inventories of finished goods	(1,814)	3,373	nm
Cost of purchases	(81,723)	(90,600)	(9.8)
Staff costs	(11,579)	(11,798)	(1.9)
Depreciation expenses	(327)	(404)	(19.1)
Other operating expenses	(8,679)	(8,587)	1.1
Finance costs	(1,321)	(1,345)	(1.8)
(Loss)/Profit before tax	(232)	704	nm
Tax expense	(288)	(385)	(25.2)
(Loss)/Profit for the period	(520)	319	nm
(Loss)/Profit attributable to:			
Owners of the Company	(554)	275	nm
Non-controlling interests	34	44	(22.7)
(Loss)/Profit for the period	(520)	319	nm

Consolidated Statement of Comprehensive Income	30 June 2018 $'000	30 June 2017 $'000	Increase/ (Decrease) %
(Loss)/Profit for the period	(520)	319	nm
Other comprehensive income:			
Foreign currency translation differences of net assets/liabilities of foreign branch, subsidiaries and associate	(221)	87	nm
Other comprehensive income for the period, net of tax	(221)	87	nm
Total comprehensive income for the period	(741)	406	nm
Total comprehensive income attributable to:			
Owners of the Company	(781)	369	nm
Non-controlling interests	40	37	8.1
Total comprehensive income for the period	(741)	406	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:-

Analysis of operating expenses:	30 June 2018 $'000	30 June 2017 $'000	Increase/ (Decrease) %
Operating lease expenses	(2,623)	(2,606)	0.7
Transportation expenses	(1,951)	(1,931)	1.0
Allowance for impairment loss on trade receivables and bad debts written off	(105)	(65)	61.5
Allowance for inventory obsolescence	(100)	(112)	(10.7)
Others	(3,900)	(3,873)	0.7
	(8,679)	(8,587)	1.1

Analysis of other income:	30 June 2018 $'000	30 June 2017 $'000	Increase/ (Decrease) %
Rental income	2	1	100.0
Foreign exchange gain	225	139	61.9
Write back of allowance for impairment on trade receivables	3	8	(62.5)
Gain on sale of property, plant and equipment	27	1	2,600.0
Finance income	13	18	(27.8)
Others	71	36	97.2
	341	203	68.0

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 2018 $'000	Group 31 Dec 2017 $'000	Company 30 June 2018 $'000	Company 31 Dec 2017 $'000
Assets				
Property, plant and equipment	1,844	1,987	610	629
Goodwill on consolidation	101	104	-	-
Subsidiaries	-	-	25,587	25,822
Associate	304	309	162	162
Available-for-sale financial asset	815	815	815	815
Deferred tax assets	1,193	1,235	-	-
Loan receivables	-	-	-	-
Non-current assets	4,257	4,450	27,174	27,428
Current tax assets	302	198	-	-
Inventories	104,448	106,263	33,014	36,060
Trade and other receivables	36,510	32,944	54,607	51,503
Cash and cash equivalents	12,570	15,391	2,768	4,444
Current assets	153,830	154,796	90,389	92,007
Total assets	158,087	159,246	117,563	119,435
Equity				
Share capital	38,057	38,057	38,057	38,057
Reserves	16,088	17,722	1,357	3,975
Equity attributable to owners of the Company	54,145	55,779	39,414	42,032
Non-controlling interests	362	322	-	-
Total equity	54,507	56,101	39,414	42,032
Liabilities				
Loans and borrowings	54	13	-	-
Employee benefits	1,027	837	-	-
Deferred tax liabilities	41	40	-	-
Non-current liabilities	1,122	890	-	-
Loans and borrowings	79,296	78,518	69,987	66,862
Trade and other payables	23,070	23,436	8,162	10,541
Current tax liabilities	92	301	-	-
Current liabilities	102,458	102,255	78,149	77,403
Total liabilities	103,580	103,145	78,149	77,403
Total equity and liabilities	158,087	159,246	117,563	119,435

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 30/6/2018		As at 31/12/2017	
Secured	Unsecured	Secured	Unsecured
$’000	$’000	$’000	$’000
28	79,268	15	78,503

(B) the amount repayable after one year;

As at 30/6/2018		As at 31/12/2017	
Secured	Unsecured	Secured	Unsecured
$’000	$’000	$’000	$’000
54	-	13	-

(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 2018 $’000	Group 30 June 2017 $’000
Cash flows from operating activities		
(Loss)/Profit before tax	(232)	704
Adjustments for :		
Unrealised foreign exchange gain	(214)	(274)
Write-down of inventories	100	112
Impairment losses on trade receivables	105	65
Depreciation of property, plant and equipment	327	404
Gain on sale of property, plant and equipment	(27)	(1)
Finance income	(13)	(18)
Finance costs	1,321	1,345
	1,367	2,337
Changes in working capital		
Changes in inventories	1,530	(3,484)
Changes in trade and other receivables	(4,023)	(1,017)
Changes in trade and other payables	(119)	657
Changes in bills payable and trust receipts	2,921	6,023
Cash from operating activities	1,676	4,516
Tax paid	(586)	(273)
Interest paid	(542)	(415)
Net cash from operating activities	548	3,828

Cash flows from investing activities		
Interest received	13	18
Proceeds from sale of property, plant and equipment	32	1
Acquisition of property, plant and equipment	(137)	(193)
Net cash used in investing activities	(92)	(174)
Cash flows from financing activities		
Payment of finance lease liabilities	(18)	(20)
Proceeds from borrowings	3,782	10,223
Repayment of borrowings	(5,684)	(10,119)
Interest paid	(800)	(867)
Dividends paid	(500)	(751)
Net cash used in financing activities	(3,220)	(1,534)
Net (decrease)/ increase in cash and cash equivalents	(2,764)	2,120
Cash and cash equivalents at the beginning of period	15,391	13,372
Effect of exchange rate changes on the balance of cash held in foreign currencies	(57)	(27)
Cash and cash equivalents at the end of period	12,570	15,465

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	Fair value reserve $'000	Translation reserve $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2017	38,057	3,501	(155)	(6,369)	20,113	55,147	258	55,405
Total comprehensive income for the period								
Profit for the period	-	-	-	-	275	275	44	319
Other comprehensive income								
Foreign currency translation differences of net assets/liabilities of foreign branch, subsidiaries and associate	-	-	-	94	-	94	(7)	87
Total other comprehensive income	-	-	-	94	-	94	(7)	87
Total comprehensive income for the period	-	-	-	94	275	369	37	406
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 2016	-	-	-	-	(751)	(751)	-	(751)
Total contributions by and distributions to owners of the Company	-	-	-	-	(751)	(751)	-	(751)
At 30 June 2017	38,057	3,501	(155)	(6,275)	19,637	54,765	295	55,060

At 1 January 2018, as previously stated	38,057	3,501	(105)	(5,493)	19,819	55,779	322	56,101
Effect on adoption of SFRS(I) 9 (Note 1)	-	-	-	-	(353)	(353)	-	(353)
At 1 January 2018, as restated	38,057	3,501	(105)	(5,493)	19,466	55,426	322	55,748
Total comprehensive income for the period								
Loss for the period	-	-	-	-	(554)	(554)	34	(520)
Other comprehensive income								
Foreign currency translation differences of net assets/liabilities of foreign branch, subsidiaries and associate	-	-	-	(227)	-	(227)	6	(221)
Total other comprehensive income	-	-	-	(227)	-	(227)	6	(221)
Total comprehensive income for the period	-	-	-	(227)	(554)	(781)	40	(741)
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Final tax exempt (one-tier) dividend of 0.573 cents per share paid in respect of the year ended 31 December 2017	-	-	-	-	(500)	(500)	-	(500)
Total contributions by and distributions to owners of the Company	-	-	-	-	(500)	(500)	-	(500)
At 30 June 2018	38,057	3,501	(105)	(5,720)	18,412	54,145	362	54,507

Company	Share capital $'000	Fair value reserve $'000	Translation reserve $'000	Retained earnings $'000	Total $'000
At 1 January 2017	38,057	(155)	533	2,803	41,238
Total comprehensive income for the period					
Loss for the period	-	-	-	(791)	(791)
Other comprehensive income					
Foreign currency translation differences of net assets/liabilities of foreign branch	-	-	104	-	104
Total other comprehensive income	-	-	104	-	104
Total comprehensive income for the period	-	-	104	(791)	(687)
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 2016	-	-	-	(751)	(751)
Total contributions by and distributions to owners of the Company	-	-	-	(751)	(751)
At 30 June 2017	38,057	(155)	637	1,261	39,800

At 1 January 2018, as previously stated	38,057	(105)	690	3,390	42,032
Effect on adoption of SFRS(I) 9 (Note 1)	-	-	-	(426)	(426)
At 1 January 2018, as restated	38,057	(105)	690	2,964	41,606
Total comprehensive income for the period					
Loss for the period	-	-	-	(1,664)	(1,664)
Other comprehensive income					
Foreign currency translation differences of net assets/liabilities of foreign branch	-	-	(28)	-	(28)
Total other comprehensive income	-	-	(28)	-	(28)
Total comprehensive income for the period	-	-	(28)	(1,664)	(1,692)
Transactions with owners, recognised directly in equity					
Contributions by and distributions to owners					
Final tax exempt (one-tier) dividend of 0.573 cents per share paid in respect of the year ended 31 December 2017	-	-	-	(500)	(500)
Total contributions by and distributions to owners of the Company	-	-	-	(500)	(500)
At 30 June 2018	38,057	(105)	662	800	39,414

Note 1 –
SFRS(I) 9 replaces the current 'incurred loss' model with a forward-looking expected credit loss ("ECL") model. The new impairment model applies to financial assets measured at amortised cost or fair value through other comprehensive income ("FVOCI"), except for investments in equity instruments, and certain loan commitments and financial guarantee contracts.

The Group applied the simplified approach and recorded lifetime ECL on all trade and other receivables. The Company applied the general approach and recorded 12-month ECL on non-trade amount due from subsidiaries. Based on the assessment made, there was an increase in impairment for trade and other receivables of approximately $353,000 and $426,000 for the Group and for the Company respectively as at 1 January 2018 with the adoption of SFRS(I) 9.

The changes in accounting policies resulting from the adoption of SFRS(I) 9 should be applied by the Group and the Company retrospectively. However, the Group and the Company have adopted the exemption in SFRS(I) 1 allowing it not to restate the comparative information in the FY 2018 financial statements. The differences in the carrying amounts of financial assets resulting from the adoption of SFRS(I) 9 are recognised in retained earnings and reserves as at 1 January 2018.

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.

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 2017	87,265,029	38,057
As at 30 June 2018	87,265,029	38,057

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

Not applicable.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings 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.

The Group's financial statements for the financial year ending 31 December 2018 is prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)") issued by the Accounting Standards Council ("ASC") and International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

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 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) 1 First-time Adoption of International Financial Reporting Standards.

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

- SFRS(I) 9 *Financial Instruments*
- SFRS(I) *15 Revenue from Contracts with Customers and Amendments to SFRS(I)*
- Clarifications to SFRS(I) 15

Except for SFRS(I) 9, the adoption of the above new SFRS(I)s, amendments and interpretations of SFRS(I)s is assessed to have no material impact to the results and financial position of the Group and of the Company for the year ending 31 December 2018.

Please refer to the Statements of Changes in Equity for the Group and for the Company on pages 5 to 7 for further details on the quantum of the respective adjustments made in relation to SFRS(I) 9.

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:-

(Loss)/Earnings per ordinary share for the period based on profit attributable to shareholders	30 June 2018	30 June 2017
(a) Based on the weighted average number of ordinary shares in issue; and	(0.64) cents	0.31 cents
(b) On a fully diluted basis	(0.64) cents	0.31 cents

Basic earnings per share for the period ended 30 June 2018 was computed based on net (loss)/profit attributable to shareholders of ($554,000) (30 June 2017: $275,000) and weighted average number of ordinary shares of 87,265,029 (30 June 2017: 87,265,029).

Diluted earnings per share for the period ended 30 June 2018 was computed based on net profit attributable to shareholders of ($554,000) (30 June 2017: $275,000) and number of ordinary shares of 87,265,029 (30 June 2017: 87,265,029).

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 2018	Group 31 December 2017	Company 30 June 2018	Company 31 December 2017
Net asset value per ordinary share based on issued share capital	62.1 cents	63.9 cents	45.2 cents	48.2 cents

Net asset value per ordinary share as at 30 June 2018 was computed after deducting non-controlling interest and based on existing ordinary shares of 87,265,029 (31 December 2017: 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 declined by 4.5% in 1H18 to $104.9 million. Aggregate turnover from the Group's overseas operations contributed 58.9% of the Group turnover, whilst the export-based business in Singapore contributed 41.1%.

The export-based business in Singapore declined by 13.8%. Although business improved noticeably in 2Q18 in comparison with 1Q18, it was not enough to avert an overall decline in 1H18. Exports to Thailand made a good recovery but exports to many other markets remained tentative. Sales to certain non-ASEAN countries registered the most significant decline, exacerbated by supply restrictions of a major brand. This supply issue is not expected to be resolved soon but the Group has managed to respond as the restriction applies only to a specific range of the brand in question. Efforts are directed at promoting other brands within the Group's wide-ranging product portfolio.

The Group's overseas operations improved by 3.2%. Of the Group's larger overseas operations, business in South Korea continued to advance. Aided by a slight appreciation of the MYR, Malaysia maintained a modest growth rate despite a slow-down in business due to the general elections in May and the subsequent implementation of the intended fiscal change from having the Goods and Services Tax (GST) to the re-introduction of the Sales and Service Tax. Momentum was affected as businesses held back to assess the impact. Australia slowed down mainly due to supply-related factors and to some degree renewed competition.

Total margins decreased by $1.2 million due to the lower turnover and a marginal decline in the gross margin rate.

Following on from cost restraint initiatives introduced last year, cost trends in all major expense categories were moderated. Overall operating expenses fell by $0.2 million mainly due to an aggregate reduction in staff cost.

Other income increased by $0.1 million mainly arising from a foreign exchange gain.

Profit from operations (PBIT), as shown on the face of the Consolidated Income Statement, decreased from $2.0 million to $1.1 million. As a result, the loss before and after tax for the period were at $0.2 million and $0.5 million respectively.

After accounting for foreign currency translation differences of net assets at overseas subsidiaries and branch, total comprehensive income amounted to a negative $0.7 million.

Balance Sheet Review

Group inventory levels were at 7.5 months as at 30 June 2018 compared with 7.4 months as at 31 December 2017. Inventory levels decreased in absolute terms by 1.7% or $1.8 million.

Group receivable levels were at 1.9 months as at 30 June 2018 compared with 1.7 months as at 31 December 2017. Trade and other receivables stood at $36.5 million as at 30 June 2018 in comparison with $32.9 million as at 31 December 2017, an increase of $3.6 million mainly due to the higher level of turnover in 2Q18.

Loans and borrowings increased by $0.8 million, from $78.5 million as at 31 December 2017 to $79.3 million as at 30 June 2018.

Group payable levels increased by $0.7 million, from $21.1 million as at 31 December 2017 to $21.8 million as at 30 June 2018.

Cash balances decreased by $2.8 million, from $15.4 million as at 31 December 2017 to $12.6 million as at 30 June 2018.

The Group's Current Ratio was at 1.50 times as at 30 June 2018, compared with 1.51 times as at 31 December 2017.

The Group's net gearing level was at 1.23 times as at 30 June 2018 in comparison with 1.13 times as at 31 December 2017.

Cash Flow Statement Review

Cash generated from operations before accounting for changes in working capital amounted to $1.4 million for the half year ended 30 June 2018. After accounting for changes in working capital, cash flows generated from operating activities amounted to $1.7 million. Cash flows generated from operating activities after accounting for tax and net interest paid amounted to $0.5 million. Net cash used for investing activities amounted to $0.1 million. Net cash used in financing activities amounted to $3.2 million. Cash balances as at 30 June 2018 amounted to $12.6 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 27 February 2018, it was stated that “Barring unforeseen circumstances, the Group is expected to remain profitable in the current financial year.” The Company subsequently made an announcement on 27 July 2018 to provide an update on trading, performance and profit. It was disclosed that the Group was expecting to report a decline in performance resulting in a small loss for the half-year ended 30 June 2018. Fuller details relating to this circumstance is set out in the section on Review of Performance in this announcement.

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 Group incurred a loss before tax of $0.2 million for the first half of the year, mainly due to the lower turnover achieved as described in the Review of Performance section above.

A higher level of revenue was achieved for the export-based business in Singapore in 2Q18 compared to 1Q18. Helped by the order book level as at 1 July, this higher level of business is expected to be sustained in 2H18. Efforts will continue to be directed at narrowing the shortfall in this year’s revenue in comparison with last year’s level but given the lower level achieved in 1H18, total Group revenues for the full year are expected to be a little lower than the level achieved last year. Under such circumstance and given the loss incurred in 1H18, the Group expects to incur a loss for the current financial year.

11. If a decision regarding dividend has been made:-

(a) Whether an interim/final ordinary dividend has been declared (recommended); and

No.

(b) (i) Amounts per share.

Not applicable.

(b) (ii) Previous corresponding period

Not applicable.

(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.

Not applicable.

(d) The date the dividend is payable

Not applicable.

(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.

Not applicable.

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

There has been no interim dividend recommended.

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 2018 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
7 August 2018