



PS GROUP HOLDINGS LTD.

Company Registration No. 2013115302
Incorporated in the Republic of Singapore

Financial Statements and Dividend Announcement For The Half-Year Ended 30 June ("1H FY") 2015

This announcement has been prepared by PS Group Holdings Ltd. (the "Company" and, together with its subsidiaries, the "Group") and its contents have been reviewed by the Company's sponsor, United Overseas Bank Limited (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (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, Equity Capital Markets and Mr David Tham, Senior Director, Equity Capital Markets, who can be contacted at 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 048624, Telephone: +65 6533 9898.

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.**

	Unaudited 1H FY2015 S\$	Group Unaudited 1H FY2014 S\$	Increase/ (Decrease) %
Revenue	5,781,790	5,510,510	4.9
Cost of sales	(4,206,793)	(3,911,161)	7.6
Gross profit	1,574,997	1,599,349	(1.5)
Other income	20,327	14,231	42.8
Expenses			
Selling and distribution expenses	(432,253)	(319,949)	35.1
Administration expenses	(1,101,866)	(985,439)	11.8
Finance expenses	(30,289)	(31,522)	(3.9)
Profit before taxation	30,916	276,670	(88.8)
Income tax expense	(21,493)	(13,844)	55.3
Profit for the period	9,423	262,826	(96.4)
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	9,423	262,826	(96.4)
Profit for the period attributable to:			
Owners of the Company	11,410	262,826	(95.7)
Non-controlling interest	(1,987)	-	NM
	9,423	262,826	(96.4)

NM denotes not meaningful.

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

Depreciation of property, plant and equipment	107,091	93,610	14.4
Net foreign exchange loss / (gain)	4,302	(412)	NM
Finance expenses	30,289	31,522	(3.9)
Government grants	17,086	10,618	60.9
Allowance for stock obsolescence	28,330	-	NM
Allowance for doubtful debts	15,146	-	NM

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	
	Unaudited 30 June 2015 S\$	Audited 31 December 2014 S\$	Unaudited 30 June 2015 S\$	Audited 31 December 2014 S\$
ASSETS				
Non-current assets				
Investment in subsidiaries	-	-	7,253,522	6,803,522
Property, plant and equipment	3,013,016	3,105,661	933	1,200
	<u>3,013,016</u>	<u>3,105,661</u>	<u>7,254,455</u>	<u>6,804,722</u>
Current assets				
Inventories	7,823,773	7,607,227	-	-
Trade and other receivables	2,520,592	2,125,609	4,439,493	5,038,211
Prepayments	58,731	89,734	25,400	34,900
Cash and cash equivalents	1,903,560	2,874,965	53,619	143,188
	<u>12,306,656</u>	<u>12,697,535</u>	<u>4,518,512</u>	<u>5,216,299</u>
Total assets	<u>15,319,672</u>	<u>15,803,196</u>	<u>11,772,967</u>	<u>12,021,021</u>
EQUITY AND LIABILITIES				
Current liabilities				
Trade and other payables	2,305,335	2,542,563	71,831	174,085
Loans and borrowings	300,000	466,667	-	-
Income tax payable	22,882	21,024	-	-
	<u>2,628,217</u>	<u>3,030,254</u>	<u>71,831</u>	<u>174,085</u>
Net current assets	<u>9,678,439</u>	<u>9,667,281</u>	<u>4,446,681</u>	<u>5,042,214</u>
Non-current liabilities				
Loans and borrowings	600,000	750,000	-	-
Deferred tax liabilities	22,418	13,328	-	-
	<u>622,418</u>	<u>763,328</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>3,250,635</u>	<u>3,793,582</u>	<u>71,831</u>	<u>174,085</u>
Net assets	<u>12,069,037</u>	<u>12,009,614</u>	<u>11,701,136</u>	<u>11,846,936</u>
Equity attributable to owners of the Company				
Share capital	11,397,030	11,397,030	11,397,030	11,397,030
Retained earnings	7,027,500	7,016,090	304,106	449,906
Merger reserves	(6,403,506)	(6,403,506)	-	-
	<u>12,021,024</u>	<u>12,009,614</u>	<u>11,701,136</u>	<u>11,846,936</u>
Non-controlling interest	48,013	-	-	-
Total equity	<u>12,069,037</u>	<u>12,009,614</u>	<u>11,701,136</u>	<u>11,846,936</u>
Total equity and liabilities	<u>15,319,672</u>	<u>15,803,196</u>	<u>11,772,967</u>	<u>12,021,021</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:

	Unaudited As at 30 June 2015		Audited As at 31 December 2014	
Group	Secured S\$	Unsecured S\$	Secured S\$	Unsecured S\$
Amount repayable in one year or less, or on demand ⁽¹⁾	1,734,803	-	2,150,585	-
Amount repayable after one year	600,000	-	750,000	-
	<u>2,334,803</u>	<u>-</u>	<u>2,900,585</u>	<u>-</u>

⁽¹⁾ Included in the amount repayable in one year or less, or on demand, are trust receipts which are classified under trade and other payables in the statements of financial position.

Details of collaterals

The Group's trust receipts are secured by corporate guarantees issued by the Company; while its bank borrowings 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.

	Unaudited 1H FY2015 S\$	Unaudited 1H FY2014 S\$
Operating activities:		
Profit before taxation	30,916	276,670
Adjustments for:		
Interest income	(3,241)	(3,613)
Finance expenses	30,289	31,522
Depreciation of property, plant and equipment	107,091	93,610
Allowance for stock obsolescence	28,330	-
Allowance for doubtful debts	15,146	-
(Gain) / loss on disposal of property, plant and equipment	(198)	439
Total adjustments	177,417	121,958
Operating cash flows before changes in working capital	208,333	398,628
Changes in working capital:		
(Increase)/ decrease in inventories	(244,876)	336,063
Increase in trade and other receivables, and prepayments	(381,124)	(1,751)
Increase in trade and other payables	11,214	1,654
Total changes in working capital	(614,786)	335,966
Cash (used in)/ generated from operations	(406,453)	734,594
Income tax paid	(10,545)	(58,485)
Interest received	5,239	5,881
Net cash flows (used in)/from operating activities	(411,759)	681,990
Investing activities:		
Purchase of property, plant and equipment	(14,446)	(189,185)
Proceeds from disposal of property, plant and equipment	198	5,000
Net cash flows used in investing activities	(14,248)	(184,185)
Financing activities:		
Net change in trust receipts	(249,116)	61,792
Finance expenses paid	(29,615)	(33,395)
Capital contribution from non-controlling interest	50,000	-
Repayment of bank loans	(316,667)	(316,667)
Net cash flows used in financing activities	(545,398)	(288,270)
Net (decrease)/increase in cash and cash equivalents	(971,405)	209,535
Cash and cash equivalents at beginning	2,874,965	3,109,026
Cash and cash equivalents at end	1,903,560	3,318,561



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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	Attributable to owners of the Company				Non-controlling interest	Total equity
	Share capital	Retained earnings	Merger reserves	Equity attributable to owners of the Company, total		
The Group	S\$	S\$	S\$	S\$	S\$	S\$
As at 1 January 2015	11,397,030	7,016,090	(6,403,506)	12,009,614	-	12,009,614
Capital contribution from non-controlling interest	-	-	-	-	50,000	50,000
Total comprehensive income for the period	-	11,410	-	11,410	(1,987)	9,423
As at 30 June 2015	11,397,030	7,027,500	(6,403,506)	12,021,024	48,013	12,069,037
As at 1 January 2014	11,397,030	6,535,383	(6,403,506)	11,528,907	-	11,528,907
Total comprehensive income for the period	-	262,826	-	262,826	-	262,826
As at 30 June 2014	11,397,030	6,798,209	(6,403,506)	11,791,733	-	11,791,733
The Company						
As at 1 January 2015	11,397,030	449,906	-	11,846,936	-	11,846,936
Total comprehensive income for the period	-	(145,800)	-	(145,800)	-	(145,800)
As at 30 June 2015	11,397,030	304,106	-	11,701,136	-	11,701,136
As at 1 January 2014	11,397,030	427,849	-	11,824,879	-	11,824,879
Total comprehensive income for the period	-	(142,037)	-	(142,037)	-	(142,037)
As at 30 June 2014	11,397,030	285,812	-	11,682,842	-	11,682,842

- 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.

There were no changes in the Company's issued and paid-up share capital since the end of the previous period reported on. The Company's issued and paid-up share capital as at 30 June 2015 and 31 December 2014 was S\$11,397,030 comprising 68,000,000 ordinary shares.

There were no outstanding convertibles or treasury shares held by the Company as at 30 June 2015 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	
	30/6/2015	31 December 2014
Total number of issued shares excluding treasury shares	68,000,000	68,000,000

- 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.



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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 2015 as its most recently audited financial statements for the financial year ended 31 December 2014.

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 2015. 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 2015 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.

	Group	
	Unaudited 1H FY2015	Unaudited 1H FY2014
Profit attributable to owners of the Company (S\$)	11,410	262,826
Weighted average number of ordinary shares:		
(a) Basic earnings per share	68,000,000	68,000,000
(b) Diluted earnings per share	68,000,000	68,000,000
Earnings per ordinary share (cents):-		
(a) Based on the weighted average number of ordinary shares in issue	0.02	0.39
(b) On a fully diluted basis	0.02	0.39

The basic and diluted earnings per share are the same for 1H FY2015 and 1H FY2014 as there were no potentially dilutive instruments as at 30 June 2015 and 30 June 2014.

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⁽¹⁾		Company	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Net asset value per ordinary share (cents) ⁽²⁾	17.68	17.66	17.21	17.42

Note:

⁽¹⁾Based on net asset value attributable to owners of the Company.

⁽²⁾Net asset value per ordinary share was calculated based on 68,000,000 shares in issue as at 30 June 2014 and 31 December 2014.



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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 increased by approximately S\$271,000 or 4.9% from S\$5.5 million in 1H FY2014 to S\$5.8 million in 1H FY2015. The increase in revenue was mainly attributable to revenue contribution from the Company's subsidiary, PS Components Pte. Ltd. ("PSC"), which was newly incorporated in February 2015 and which is engaged in the trading and wholesale of fasteners with a focus on the end-user market.

Cost of sales

Cost of sales increased by approximately S\$296,000 or 7.6% from S\$3.9 million in 1H FY2014 to S\$4.2 million in 1H FY2015. The increase in cost of sales was mainly attributable to cost of sales from PSC of approximately S\$268,000.

Gross profit

Gross profit decreased marginally by approximately S\$24,000 to remain relatively stable at about S\$1.6 million while gross profit margin declined from 29.0% in 1H FY2014 to 27.2% in 1H FY2015. The decrease in gross profit margin in 1H FY2015 was mainly attributable to bulk discount provided to a customer who had placed a larger order.

Other income

Other income increased by about S\$6,000 from approximately S\$14,000 in 1H FY2014 to approximately S\$20,000 in 1H FY2015. The increase was mainly due to a higher amount of government grants received.

Selling and distribution expenses

Selling and distribution expenses increased by approximately S\$112,000 or 35.1% from approximately S\$320,000 in 1H FY2014 to approximately S\$432,000 in 1H FY2015. The increase was mainly due to salary expenses payable to the sales personnel of PSC of approximately S\$130,000.

Administration expenses

Administration expenses increased by approximately S\$116,000 or 11.8% from S\$985,000 in 1H FY2014 to S\$1.1 million in 1H FY2015. The increase was mainly attributable to overhead costs such as warehouse and office expenses, incurred in relation to PSC of S\$41,000; and an increase in (i) provision for stock obsolescence of S\$28,000; (ii) allowance for doubtful debts of S\$15,000; (iii) depreciation charges of S\$12,000; and (iv) internal audit fees of S\$11,000.

Finance expenses

Finance expenses remained relatively stable at approximately S\$30,000 and S\$31,000 in 1H FY2015 and 1H FY2014, respectively.

Income tax expense

Income tax expense increased by approximately S\$8,000 or 55.3% from approximately S\$14,000 in 1H FY2014 to S\$21,000 in 1H FY2015 mainly due to the absence of higher tax deductions under the Productivity and Innovation Credit scheme arising from the completion of the upgrade of the Group's inventory management system in 1H FY2014. The effective tax rate for 1H FY2015 was significantly higher at 69.5% as compared to the statutory tax rate of 17.0%, due primarily to the expenses of the Company, an investment holding company, which were non-deductible for tax purposes at Group level.

Profit for the period

As a result of the above, profit for the period decreased by approximately S\$253,000 from approximately S\$262,000 in 1H FY2014 to approximately \$9,000 in 1H FY2015.



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Review of the Group's financial position

Non-current assets

Non-current assets decreased by approximately S\$93,000 from S\$3.1 million as at 31 December 2014 to S\$3.0 million as at 30 June 2015. The decrease was mainly due to depreciation charges incurred in relation to property, plant and equipment of S\$107,000 in 1H FY2015, offset by additions to property, plant and equipment of approximately S\$14,000.

Current assets

Current assets decreased by approximately S\$391,000 from S\$12.7 million as at 31 December 2014 to S\$12.3 million as at 30 June 2015. The decrease in current assets was mainly due to the decrease in cash and cash equivalents of S\$971,000, which was partially offset by the increase in (i) inventories of S\$217,000 mainly due to inventories carried by PSC; and (ii) trade and other receivables of S\$395,000 as a result of (a) amounts owing by customers of PSC of S\$254,000; and (b) higher credit sales transacted in June 2015 which had remained as outstanding trade receivables as at 30 June 2015 of approximately S\$150,000.

Current liabilities

Current liabilities decreased by approximately S\$402,000 from S\$3.0 million as at 31 December 2014 to S\$2.6 million as at 30 June 2015. The decrease in current liabilities was mainly due to the decrease in (i) trade and other payables of S\$237,000 mainly due to the lower utilisation of trust receipts; and (ii) loans and borrowings of about S\$167,000 due to repayment of obligations under the Group's financing facilities.

Non-current liabilities

Non-current liabilities decreased by approximately S\$141,000 from S\$763,000 as at 31 December 2014 to S\$622,000 as at 30 June 2015 mainly due to the repayment of obligations under the Group's financing facilities.

Equity attributable to owners of the Company

The increase of approximately S\$11,000 was attributable to the increase in retained earnings arising from the profits earned during 1H FY2015.

Review of the Group's cash flows

Net cash flows used in operating activities

In 1H FY2015, the net cash flows used in operating activities was approximately S\$412,000 which consisted mainly of net cash generated from operating activities before changes in working capital of S\$208,000 offset by net working capital outflow of S\$615,000 and income tax paid of S\$11,000. The net working capital outflow arose mainly due to (i) an increase in inventories of S\$245,000 mainly due to inventories carried by PSC; (ii) an increase in trade and other receivables, and prepayments of S\$381,000 as a result of amounts owing by customers of PSC and a higher proportion of credit sales transacted in June 2015 which remained as outstanding receivables as at 30 June 2015; and which was offset by an increase in trade and other payables of S\$11,000 due mainly to amounts owing by PSC to its suppliers of S\$184,000 which was offset by the decrease in (a) accrual of directors' fees of S\$90,000; and (b) a reduction in accrual for payroll related expenses of S\$76,000.

Net cash flows used in investing activities

Net cash used in investing activities of S\$14,000 was mainly due to the purchases of plant and equipment.

Net cash flows used in financing activities

Net cash used in financing activities amounted to approximately S\$545,000 mainly due to (i) net change in trust receipts of S\$249,000; (ii) finance expenses paid of S\$30,000; and (iii) the repayment of bank loans of S\$317,000. This was partially offset by net capital contribution from non-controlling interest for PSC of S\$50,000.

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 FY2015 is generally in line with the information disclosed in section 10 of the Company's previous financial statements and dividend announcement for the full year ended 31 December ("FY") 2014 and the Company's annual report for FY2014.

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 the Company's previous financial statements and dividend announcement for FY2014, the Company's annual report for FY2014 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) Previous corresponding period**
No.
- 11(c) Date of payment.**
Not applicable.
- 11(d) 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 FY2015.
- 13 If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**
The Company has not obtained an IPT mandate.
- 14 Use of IPO proceeds**
Pursuant to the Company's initial public offering and listing on the Catalist of the SGX-ST on 11 July 2013 ("IPO"), the Company received net proceeds from the placement of the new shares of approximately S\$3.8 million (the "Net Proceeds"). Please refer to the Company's offer document dated 3 July 2013 for further details. As at the date of this announcement, the Net Proceeds have been utilised in the manner set out below:

	Allocation of Net Proceeds (as disclosed in the Offer Document)	Reallocation of the use of Net Proceeds	Net Proceeds utilised as at date of this announcement	Balance of Net Proceeds as at date of this announcement
	S\$	S\$	S\$	S\$
To enhance existing warehouse facilities and upgrade inventory management system	1,000,000	(450,000)	(172,000)	378,000
PSC Contribution ⁽¹⁾	-	450,000	(450,000)	-
General working capital ⁽²⁾	2,831,000	-	(2,831,000)	-
Total	3,831,000	-	(3,453,000)	378,000

Note:-

⁽¹⁾ This refers to the share capital contribution of the Company in PSC. Please refer to the Company's announcement dated 26 February 2015 for further details on the incorporation of PSC.

⁽²⁾ To be applied mainly to the purchase of the Group's inventory and towards its plans to diversify its product range.

The Company will make periodic announcements on the use of Net Proceeds as and when the funds are materially disbursed. Pending the deployment of the Net Proceeds, the funds will be placed in deposits with banks and financial institutions or invested in money market instruments.

- 15 Negative confirmation by the Board 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 statements of the Group for 1H FY2015 to be false or misleading in any material aspect.

ON BEHALF OF THE BOARD OF DIRECTORS

Teo Choon Hock
Executive Chairman
11 August 2015

Kwek Keng Seng
Managing Director
11 August 2015