


GSH CORPORATION LIMITED
First Quarter Financial Statements for the Period Ended 31/03/2016
PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

- 1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 for the first quarter and three months ended 31 March

	1st Quarter Ended 31 March		
	31.3.2016	31.3.2015	+/-
	Unaudited S\$'000	Unaudited S\$'000	%
Revenue	23,461	14,304	64.0%
Cost of sales	(12,620)	(5,865)	>100%
Gross profit	10,841	8,439	28.5%
Gross profit margin	46%	59%	(22.0%)
Other income	422	4,269	(90.1%)
Distribution and selling expense	(566)	(692)	(18.2%)
Administrative expenses	(4,795)	(5,788)	(17.2%)
Other expenses	(32)	(406)	(92.1%)
Operating profit	5,870	5,822	0.8%
Amortisation and depreciation	(2,653)	(2,844)	(6.7%)
Exchange gain/ (loss)	(9,405)	306	Nm
Finance expenses	(3,883)	(4,056)	(4.3%)
Finance income	1,327	935	41.9%
Net change in fair value of financial derivatives	12,447	434	>100%
Profit before tax	3,703	597	>100%
Taxation	(907)	(621)	46.1%
Profit/ (Loss) for the period	2,796	(24)	Nm
Attributable to:			
Owners of the Company	2,779	(363)	Nm
Non-controlling interests	17	339	(95.0%)
	2,796	(24)	Nm

Profit/ (Loss) for the period

Other comprehensive income:

**Items that may be reclassified subsequently
to profit or loss:**

Translation differences relating to financial statements of
foreign subsidiaries

Exchange differences on monetary items forming part of net
investments in a foreign operation

Total comprehensive income for the period

Attributable to:

Owners of the Company

Non-controlling interests

1st Quarter Ended 31 March		
31.3.2016	31.3.2015	+/-
Unaudited	Unaudited	
S\$'000	S\$'000	%
2,796	(24)	Nm
9,393	(5,460)	Nm
1,159	-	>100%
13,348	(5,484)	Nm
11,099	(4,502)	Nm
2,249	(982)	Nm
13,348	(5,484)	Nm

Notes to Group profit and loss account

1 a(i) Pre-tax profit of the Group is arrived at after charging/ (crediting) the following:

	1st Quarter Ended 31 March		
	31.03.2016	31.03.2015	+/-
	Unaudited	Unaudited	
	S\$'000	S\$'000	%
Personnel expenses	4,490	4,440	1.1%
Operating lease expenses	251	500	(49.8%)
Non-executive directors' fees	74	74	-
Executive directors' remuneration	274	294	(6.8%)
Depreciation of property, plant & equipment	2,653	2,844	(6.7%)
Foreign exchange loss/(gain), net	9,405	(306)	Nm
Rental income	(268)	(4,099)	(93.5%)
Write back of allowance for inventory obsolescence	(1)	(6)	(83.3%)
Provision/(Reversal) of impairment losses on trade receivables	21	(31)	Nm

Nm - Not meaningful

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

CONSOLIDATED FINANCIAL POSITION as at 31 March

	Group		Company	
	31.03.2016	31.12.2015	31.03.2016	31.12.2015
	Unaudited	Audited	Unaudited	Audited
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Property, plant and equipment	401,206	387,064	736	782
Investment property	7,813	8,089	-	-
Investment in subsidiaries	-	-	193	193
Non-current assets	409,019	395,153	929	975
Development property	783,509	757,700	-	-
Inventories	1,039	1,055	-	-
Trade receivables	3,112	23,536	-	-
Other receivables, deposits and prepayments	6,409	6,000	4,386	2,317
Amount due from subsidiaries (non-trade)	-	-	304,480	292,300
Fixed deposits	332,886	343,937	302,945	323,326
Cash and bank balances	7,192	22,786	791	2,854
Current assets	1,134,147	1,155,014	612,602	620,797
Total assets	1,543,166	1,550,167	613,531	621,772
EQUITY				
Share capital	343,458	343,458	343,458	343,458
Reserves	27,385	16,286	(22,234)	(25,678)
Equity attributable to equity holders of the Company	370,843	359,744	321,224	317,780
Non-controlling interests	95,618	93,369	-	-
Total Equity	466,461	453,113	321,224	317,780
LIABILITIES				
Other payables and accruals	1,240	871	-	-
Loans and borrowings	597,226	586,994	-	-
Redeemable preference shares	443	425	-	-
Deferred tax liabilities	65,363	62,630	-	-
Non current Liabilities	664,272	650,920	-	-
Trade payables	5,896	7,613	-	-
Other payables and accruals	39,258	41,545	21,431	20,830
Loans and borrowings	302,492	312,237	256,900	256,900
Amount due to subsidiaries (non-trade)	-	-	13,633	13,472
Amount due to related parties	63,612	71,867	-	-
Provision for taxation	832	82	-	-
Derivatives financial liabilities	343	12,790	343	12,790
Current Liabilities	412,433	446,134	292,307	303,992
Total liabilities	1,076,705	1,097,054	292,307	303,992
Total equity and liabilities	1,543,166	1,550,167	613,531	621,772

1(b)(ii) Aggregate amount of group's borrowings and debt securities.**Amount repayable in one year or less, or on demand**

As at 31 March 2016			As at 31 December 2015		
Secured	Unsecured	Total	Secured	Unsecured	Total
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
302,492	-	302,492	312,237	-	312,237

Amount repayable after one year

As at 31 March 2016			As at 31 December 2015		
Secured	Unsecured	Total	Secured	Unsecured	Total
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
597,226	443	597,669	586,994	425	587,419

Total borrowings*

As at 31 March 2016			As at 31 December 2015		
Secured	Unsecured	Total	Secured	Unsecured	Total
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
899,718	443	900,161	899,231	425	899,656
- Attributable to owners of the Company		651,506	- Attributable to owners of the Company		648,568
- Attributable to non-controlling interests		248,655	- Attributable to non-controlling interests		251,088

Less: Cash and cash equivalents

As at 31 March 2016		As at 31 December 2015	
S\$'000		S\$'000	
340,078		366,723	
- Attributable to owners of the Company		S\$'000	
		328,560	
- Attributable to non-controlling interests		- Attributable to owners of the Company	
		351,246	
		- Attributable to non-controlling interests	
		15,477	

Net borrowings

As at 31 March 2016		As at 31 December 2015	
S\$'000		S\$'000	
560,083		532,933	
- Attributable to owners of the Company		S\$'000	
		322,946	
- Attributable to non-controlling interests		- Attributable to owners of the Company	
		297,322	
		- Attributable to non-controlling interests	
		235,611	

Details of any collateral

As at 31 March 2016, the Group's borrowings were secured by legal charges on certain of the Group's development land and hotel properties, pledge of fixed deposits and bank balances of S\$275,729,000 (FY2015: S\$286,943,000), office equipment and operating equipment with total carrying amount of S\$1,104,000 (FY2015: S\$973,000).

*Including redeemable preference shares

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

GROUP CONSOLIDATED STATEMENT OF CASH FLOWS

	GROUP	
	1st Quarter Ended 31 March 2016	2015
	Unaudited	Unaudited
	S\$'000	S\$'000
Cash flows from operating activities		
Profit/ (Loss) for the period	2,796	(24)
Adjustment for:		
Depreciation of property, plant & equipment	2,653	2,844
Interest expense	3,883	4,056
Interest income	(1,327)	(935)
(Write back of allowance)/Allowance for inventory obsolescence	(1)	(6)
(Gain)/Loss on disposal of property, plant & equipment	9	(7)
Provision/ (Reversal) of impairment loss on trade receivables	21	(31)
Unrealised foreign exchange gain arising from revaluation of fixed deposit pledged	8,880	-
Net change in fair value of financial derivatives	(12,447)	(434)
Tax expense	907	621
Operating profit before working capital changes	5,374	6,084
Changes in:		
Development property	(15,032)	(1,747)
Inventories	17	(109)
Trade receivables	20,403	1,363
Other receivables, deposits and prepayments	769	(492)
Trade payables	(449)	(718)
Other payable and accruals	(4,314)	(14,386)
Cash from/ (used in) operations	6,768	(10,005)
Tax refund/ (paid), net	140	(53)
Net cash from/ (used in) operating activities	6,908	(10,058)
Cash flows from investing activities		
Purchase of property, plant and equipment	(258)	(1,816)
Receipt of remaining consideration on the disposal of trading and distribution business	-	9,104
Payment of remaining consideration on acquisition of subsidiaries	(8,720)	-
Decrease in deposit pledged	2,334	99
Interest received	149	170
Proceeds from disposal of property, plant and equipment	-	8
Net cash (used in)/ from investing activities	(6,495)	7,565

	GROUP	
	1st Quarter Ended 31 March	
	2016	2015
	Unaudited	Unaudited
	S\$'000	S\$'000
Cash flows from financing activities		
Finance expense paid (including amounts capitalised in development property)	(6,643)	(6,983)
Proceeds of finance lease obligations	158	821
Payment of finance lease obligations	(76)	(66)
Proceeds from borrowings	15,541	1,111
Repayment of borrowings	(24,996)	-
Net cash used in financing activities	(16,016)	(5,117)
Net decrease in cash and cash equivalents	(15,603)	(7,610)
Effect of exchange rate changes on balances hold in foreign currencies	172	63
Cash and cash equivalents at beginning of the period	79,780	131,068
Cash and cash equivalents at end of the period (Note A)	64,349	123,521

	GROUP	
	1st Quarter Ended 31 March	
	2016	2015
	Unaudited	Unaudited
	S\$'000	S\$'000
Note A: Cash and cash equivalents comprise:		
Fixed deposits	332,886	363,968
Cash on hand and at bank	7,192	14,273
	340,078	378,241
Less: fixed deposits pledged	(275,729)	(254,720)
Cash and cash equivalents	64,349	123,521

1(d)(i) A statement (for the company 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 as at 31 March 2016

	Attributable to owners of Company				Total	Non-controlling interest	Total Equity
	Share capital	Asset revaluation reserves	Translation reserves	Accumulated profits			
Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2016	343,458	4,132	(36,707)	48,861	359,744	93,369	453,113
Total comprehensive income for the year							
Profit for the period	-	-	-	2,779	2,779	17	2,796
Other comprehensive income							
Foreign currency translation differences relating to foreign operations	-	-	7,161	-	7,161	2,232	9,393
Exchange differences on monetary items forming part of net investment in a foreign operation	-	-	1,159	-	1,159	-	1,159
Total other comprehensive income, net of tax	-	-	8,320	-	8,320	2,232	10,552
Total comprehensive income for the year	-	-	8,320	2,779	11,099	2,249	13,348
As at 31 March 2016	343,458	4,132	(28,387)	51,640	370,843	95,618	466,461

Statement of changes in Equity as at 31 March 2015

Group	Attributable to owners of Company				Total	Non-controlling interest	Total Equity
	Share capital	Asset revaluation reserves	Translation reserves	Accumulated profits			
	S\$'000	S\$'000	S\$'000	S\$'000			
At 1 January 2015	343,458	4,132	(8,594)	37,439	376,435	90,384	466,819
Total comprehensive income for the year							
(Loss)/ Profit for the period	-	-	-	(363)	(363)	339	(24)
Other comprehensive income							
Foreign currency translation differences relating to foreign operations	-	-	(4,139)	-	(4,139)	(1,321)	(5,460)
Total other comprehensive income, net of tax	-	-	(4,139)	-	(4,139)	(1,321)	(5,460)
Total comprehensive income for the year	-	-	(4,139)	(363)	(4,502)	(982)	(5,484)
As at 31 March 2015	343,458	4,132	(12,733)	37,076	371,933	89,402	461,335

Statement of changes in Equity as at 31 March 2016**Company**

	Share capital S\$'000	Retained Earnings/ (Accumulated losses) S\$'000	Total S\$'000
As at 1 January 2016	343,458	(25,678)	317,780
Total comprehensive income for the period			
Profit for the period	-	3,444	3,444
Total comprehensive income for the period	-	3,444	3,444
As at 31 March 2016	343,458	(22,234)	321,224
As at 1 January 2015	343,458	(21,894)	321,564
Total comprehensive income for the period			
Loss for the period	-	(729)	(729)
Total comprehensive income for the period	-	(729)	(729)
As at 31 March 2015	343,458	(22,623)	320,835

- 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 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.**

On 1 September 2015, the Company completed a share consolidation exercise and every five (5) existing shares were consolidated to constitute one (1) New Consolidated Share. Accordingly, the issued share capital of the Company now comprises 1,977,036,050 new consolidated shares.

- 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.**

As at 31 March 2015

Total Number of issued shares (Before shares consolidation)	9,885,180,250
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As at 31 March 2016

Total Number of issued shares (After shares consolidation)	1,977,036,050
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- 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 Company's auditors.

- 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.**

Except as disclosed in Note 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as those applied in the Group's most recently audited 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 a number of new standards, amendments to standards and interpretations that are effective for annual periods beginning on 1 January 2016. The adoption of these new standards, amendments to standards and interpretations did not result in any significant impact on the financial statements of the Group.

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.

	First Quarter		
	31.03.2016	31.03.2015	+/- %
Earnings per ordinary share of the Group based on net profit/(loss) attributable to shareholders:-			
i) Based on weighted average number of shares	0.141	(0.018)	Nm
-Weighted average number of shares ('000)	1,977,036	1,977,036*	
ii) On a fully diluted basis	0.141	(0.018)	Nm
-Adjusted weighted average number of shares ('000)	1,977,036	1,977,036*	

* As the share consolidation exercise was completed on 1 September 2015, accordingly, the weighted retrospectively.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.

	Group			Company		
	31.03.2016 (S\$ cents)	31.12.2015 (S\$ cents)	+/- %	31.03.2016 (S\$ cents)	31.12.2015 (S\$ cents)	+/- %
Net asset value per ordinary share	18.76	18.20	2.9%	16.25	16.07	0.9%

* Based on share capital of 1,977,036,050 ordinary shares as at end of the period.

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.**

Profit and Loss

The Group recorded a revenue of S\$23.5 million in Q12016, compared to S\$14.3 million in Q12015, and an operating profit of S\$5.9 million in Q12016, compared to S\$5.8 million in Q12015; and a net profit after tax of S\$2.8 million in Q12016, compared to a net loss after tax of S\$0.02 million in Q12015.

GSH Plaza ceased its rental business in March 2015, to facilitate its redevelopment. Consequently, other income and administrative expenses decreased accordingly.

The Group had entered into a loan and deposit arrangement with a bank, which has a foreign exchange exposure. This exposure was fully hedged with a financial derivative. Consequently, the Group recorded an unrealized exchange loss of S\$9.2 million from the loan and deposit arrangement and unrealized fair value gain of financial derivative of S\$13.4 million.

Separately, the Group recorded an unrealized exchange loss of S\$0.9 million, from the forward contracts entered by the Group, as part of its foreign exchange hedging.

Balance Sheet

As the Group's subsidiaries in Malaysia are denominated in Ringgit, upon consolidation, and due to the strengthening of the Ringgit, various balance sheet items, such as property, plant and equipment, development property and deferred tax liabilities, had increased accordingly.

Cash flow Analysis

For the first quarter ended 31 March 2016, the operating profit before working capital changes, was S\$5.4 million, but after adjustment for the working capital changes, the Group recorded a net cash inflow from operating activities, of S\$6.9 million.

The Group recorded a net cash outflow from investing activities of S\$6.5 million, which was due mainly to payment made for the remaining consideration on acquisition of subsidiaries of S\$8.7 million.

The Group recorded a net cash outflow from financing activities of S\$16.0 million, which was due mainly to net repayment of borrowings of S\$9.5 million and payment made to finance expenses of S\$6.6 million.

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.**

Hospitality Industry

Malaysia announced a waiver of visa requirements for PRC tourists commencing from 1 March 2016 to 31 December 2016. In addition, more scheduled flights from various countries in the region are expected.

Arising from these, tourist arrivals to Sabah are expected to increase.

Property Industry

Singapore

With the global economy poised for a slowdown and the cooling measures which remain unchanged, the outlook for commercial properties is still subdued.

Malaysia

The property market will continue to be soft, in the light of the current uncertain economic conditions.

11. **Dividend**

(a) Current Financial Period Reported On

Any dividend recommended 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 have been declared/recommended, a statement to that effect.**

No dividend has been declared in respect of the current financial period.

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 does not have a general mandate for IPTs.

14. Segment Analysis

SEGMENT ANALYSIS

	3 Months Ended 31 March 2016				3 Months Ended 31 March 2015			
	<u>Hospitality</u> S\$'000	<u>Property</u> S\$'000	<u>Others*</u> S\$'000	<u>Total</u> S\$'000	<u>Hospitality</u> S\$'000	<u>Property</u> S\$'000	<u>Others*</u> S\$'000	<u>Total</u> S\$'000
Segment revenue	15,276	8,185	750	24,211	14,304	-	(190)	14,114
Elimination of inter-segment revenue	-	-	(750)	(750)	-	-	190	190
External revenue	15,276	8,185	-	23,461	14,304	-	-	14,304
Interest income	116	126	1,085	1,327	73	97	765	935
Interest expense	(2,390)	(616)	(877)	(3,883)	(2,474)	(1,143)	(439)	(4,056)
Depreciation	(2,603)	(2)	(48)	(2,653)	(2,823)	(1)	(20)	(2,844)
Reportable segment profit/(loss) before tax	1,630	(629)	2,702	3,703	(616)	1,777	(564)	597
Tax expense	(787)	(120)	-	(907)	(310)	(418)	107	(621)
Reportable segment profit/(loss) after tax	843	(749)	2,702	2,796	(926)	1,359	(457)	(24)
Reportable segment assets	416,946	818,112	308,108	1,543,166	456,637	830,173	314,343	1,601,153
Reportable segment liabilities	(234,302)	(563,729)	(278,674)	(1,076,705)	(253,111)	(628,323)	(258,384)	(1,139,818)
* General corporate activities								
<u>Geographical Information</u>								
	<u>Malaysia</u> S\$'000	<u>Central Asia</u> S\$'000	<u>Singapore</u> S\$'000	<u>Total</u> S\$'000	<u>Malaysia</u> S\$'000	<u>Central Asia</u> S\$'000	<u>Singapore</u> S\$'000	<u>Total</u> S\$'000
External customers	15,276	-	8,185	23,461	14,304	-	-	14,304
Non-current assets	400,468	7,815	736	409,019	439,268	5,579	151	444,998

15. Negative Assurance Confirmation Under Rule 705(5) of the Listing Manual

We, Gilbert Ee Guan Hui and Kenneth Goi Kok Ming, being the two Executive Directors of GSH Corporation Limited, 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 1Q2016 financial results to be false or misleading in any material respect.

16. 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 confirms it has procured the undertakings.

BY ORDER OF THE BOARD

**Lee Tiong Hock
Company Secretary
6 May 2016**