



# TYE SOON LIMITED

Company Registration No. 195700114W

## Half Year Financial Statements and Dividend Announcement For The Period Ended 30 June 2017

### 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 2017 \$'000	30 June 2016 \$'000	Increase/ (Decrease) %
Revenue	109,862	105,739	3.9
Other income	203	114	78.1
Gain on sales of asset held for sale (leasehold properties)	-	7,954	(100.0)
Changes in inventories of finished goods	3,373	(1,014)	nm
Cost of purchases	(90,600)	(83,294)	8.8
Staff costs	(11,798)	(11,751)	0.4
Depreciation expenses	(404)	(361)	11.9
Other operating expenses	(8,587)	(8,803)	(2.5)
Finance costs	(1,345)	(1,328)	1.3
Profit before tax	704	7,256	(90.3)
Tax expense	(385)	(240)	60.4
Profit for the period	319	7,016	(95.5)
Profit attributable to:			
Owners of the Company	275	6,984	(96.1)
Non-controlling interests	44	32	37.5
<b>Profit for the period</b>	<b>319</b>	<b>7,016</b>	<b>(95.5)</b>

Consolidated Statement of Comprehensive Income	30 June 2017 \$'000	30 June 2016 \$'000	Increase/ (Decrease) %
<b>Profit for the period</b>	319	7,016	(95.5)
<b>Other comprehensive income:</b>			
Foreign currency translation differences of net assets/liabilities of foreign branch, subsidiaries and associate	87	(353)	nm
<b>Other comprehensive income for the period, net of tax</b>	87	(353)	nm
<b>Total comprehensive income for the period</b>	406	6,663	(93.9)
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	369	6,633	(94.4)
Non-controlling interests	37	30	23.3
<b>Total comprehensive income for the period</b>	406	6,663	(93.9)

- 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 2017 \$'000	30 June 2016 \$'000	Increase/ (Decrease) %
<b>Analysis of operating expenses:</b>			
Operating lease expenses	(2,606)	(2,688)	(3.1)
Transportation expenses	(1,931)	(1,498)	28.9
Allowance for impairment loss on trade receivables and bad debts written off	(65)	(14)	364.3
Allowance for inventory obsolescence	(112)	(263)	(57.4)
Loss on sale of property, plant and equipment	-	(6)	(100.0)
Foreign exchange loss	-	(581)	(100.0)
Others	(3,873)	(3,753)	3.2
	(8,587)	(8,803)	(2.5)

	30 June 2017 \$'000	30 June 2016 \$'000	Increase/ (Decrease) %
<b>Analysis of other income:</b>			
Rental income	1	1	0.0
Foreign exchange gain	139	-	nm
Write back of allowance for impairment on trade receivables	8	-	nm
Gain on sale of property, plant and equipment	1	-	nm
Finance income	18	11	63.6
Others	36	102	(64.7)
	203	114	78.1

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 2017 \$'000	Group 31 Dec 2016 \$'000	Company 30 June 2017 \$'000	Company 31 Dec 2016 \$'000
<b>Assets</b>				
Property, plant and equipment	2,155	2,362	633	620
Goodwill on consolidation	106	105	-	-
Subsidiaries	-	-	25,431	25,411
Associate	356	353	162	162
Available-for-sale financial asset	765	765	765	765
Deferred tax assets	1,332	1,273	-	-
Loan receivables	-	-	-	-
<b>Non-current assets</b>	<b>4,714</b>	<b>4,858</b>	<b>26,991</b>	<b>26,958</b>
Current tax assets	128	241	-	-
Inventories	113,583	110,210	36,678	37,832
Trade and other receivables	35,114	34,140	54,681	54,615
Cash and cash equivalents	15,465	13,372	5,216	3,969
<b>Current assets</b>	<b>164,290</b>	<b>157,963</b>	<b>96,575</b>	<b>96,416</b>
<b>Total assets</b>	<b>169,004</b>	<b>162,821</b>	<b>123,566</b>	<b>123,374</b>
<b>Equity</b>				
Share capital	38,057	38,057	38,057	38,057
Reserves	16,708	17,090	1,743	3,181
<b>Equity attributable to owners of the Company</b>	<b>54,765</b>	<b>55,147</b>	<b>39,800</b>	<b>41,238</b>
<b>Non-controlling interests</b>	<b>295</b>	<b>258</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>55,060</b>	<b>55,405</b>	<b>39,800</b>	<b>41,238</b>
<b>Liabilities</b>				
Loans and borrowings	15	31	-	-
Employee benefits	689	713	-	-
Deferred tax liabilities	42	39	-	-
<b>Non-current liabilities</b>	<b>746</b>	<b>783</b>	<b>-</b>	<b>-</b>
Loans and borrowings	90,824	84,926	77,181	73,454
Trade and other payables	22,288	21,662	6,585	8,682
Current tax liabilities	86	45	-	-
<b>Current liabilities</b>	<b>113,198</b>	<b>106,633</b>	<b>83,766</b>	<b>82,136</b>
<b>Total liabilities</b>	<b>113,944</b>	<b>107,416</b>	<b>83,766</b>	<b>82,136</b>
<b>Total equity and liabilities</b>	<b>169,004</b>	<b>162,821</b>	<b>123,566</b>	<b>123,374</b>

- 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 30/6/2017		As at 31/12/2016	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
22	90,802	28	84,898

(B) the amount repayable after one year;

As at 30/6/2017		As at 31/12/2016	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
15	-	31	-

(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 2017 \$'000	Group 30 June 2016 \$'000
<b>Cash flows from operating activities</b>		
Profit before tax	704	7,256
Adjustments for :		
Gain on sales of asset held for sale (leasehold properties)	-	(7,954)
Depreciation of property, plant and equipment	404	361
(Gain)/Loss on sale of property, plant and equipment	(1)	6
Finance income	(18)	(11)
Finance costs	1,345	1,328
	2,434	986
<b>Changes in working capital</b>		
Changes in inventories	(3,372)	778
Changes in trade and other receivables	(952)	(3,134)
Changes in trade and other payables	657	(5,987)
Changes in bills payable and trust receipts	6,023	6,159
Cash from/(used in) operating activities	4,790	(1,198)
Tax paid	(273)	(508)
Interest paid	(415)	(443)

<b>Net cash from/(used in) operating activities</b>	4,102	(2,149)
<b>Cash flows from investing activities</b>		
Interest received	18	11
Proceeds from sales of leasehold properties	-	11,000
Expenses relating to sales of leasehold properties	-	(44)
Proceeds from sale of property, plant and equipment	1	14
Acquisition of property, plant and equipment	(193)	(474)
<b>Net cash (used in)/from investing activities</b>	(174)	10,507
<b>Cash flows from financing activities</b>		
Payment of finance lease liabilities	(20)	(48)
Proceeds from interest-bearing bank loans	(170)	(2,741)
Interest paid	(867)	(849)
Dividends paid	(751)	(751)
<b>Net cash used in financing activities</b>	(1,808)	(4,389)
<b>Net increase in cash and cash equivalents</b>	2,120	3,969
Cash and cash equivalents at the beginning of period	13,372	10,005
Effect of exchange rate changes on the balance of cash held in foreign currencies	(27)	(105)
<b>Cash and cash equivalents at the end of period</b>	15,465	13,869

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 2016	38,057	3,501	-	(6,132)	18,143	53,569	203	53,772
<b>Total comprehensive income for the period</b>								
Profit for the period	-	-	-	-	6,984	6,984	32	7,016
<b>Other comprehensive income</b>								
Foreign currency translation differences of net assets/liabilities of foreign branch, subsidiaries and associate	-	-	-	(351)	-	(351)	(2)	(353)
<b>Total other comprehensive income</b>	-	-	-	(351)	-	(351)	(2)	(353)
<b>Total comprehensive income for the period</b>	-	-	-	(351)	6,984	6,633	30	6,663
<b>Transactions with owners, recognised directly in equity</b>								
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

At 1 January 2017	38,057	3,501	(155)	(6,369)	20,113	55,147	258	55,405
<b>Total comprehensive income for the period</b>								
Profit for the period	-	-	-	-	275	275	44	319
<b>Other comprehensive income</b>								
Foreign currency translation differences of net assets/liabilities of foreign branch, subsidiaries and associate	-	-	-	94	-	94	(7)	87
<b>Total other comprehensive income</b>	-	-	-	94	-	94	(7)	87
<b>Total comprehensive income for the period</b>	-	-	-	94	275	369	37	406
<b>Transactions with owners, recognised directly in equity</b>								
<b>Contributions by and distributions to owners</b>								
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

Company	Share capital \$'000	Fair value reserve \$'000	Translation reserve \$'000	Retained earnings \$'000	Total \$'000
At 1 January 2016	38,057	-	576	2,572	41,205
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	-	5,885	5,885
<b>Other comprehensive income</b>					
Foreign currency translation differences of net assets/liabilities of foreign branch	-	-	87	-	87
<b>Total other comprehensive income</b>	-	-	87	-	87
<b>Total comprehensive income for the period</b>	-	-	87	5,885	5,972
<b>Transactions with owners, recognised directly in equity</b>					
<b>Contributions by and distributions to owners</b>					
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
At 1 January 2017	38,057	(155)	533	2,803	41,238
<b>Total comprehensive income for the period</b>					
Loss for the period	-	-	-	(791)	(791)
<b>Other comprehensive income</b>					
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)
<b>Transactions with owners, recognised directly in equity</b>					
<b>Contributions by and distributions to owners</b>					
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

- 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 2016	87,265,029	38,057
As at 30 June 2017	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.

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 2016.

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 2017.

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 2017	30 June 2016
(a) Based on the weighted average number of ordinary shares in issue; and	0.31 cents	8.00 cents
(b) On a fully diluted basis	0.31 cents	8.00 cents

Basic earnings per share for the period ended 30 June 2017 was computed based on net profit attributable to shareholders of \$275,000 (30 June 2016: \$6,984,000) and weighted average number of ordinary shares of 87,265,029 (30 June 2016: 87,265,029).

Diluted earnings per share for the period ended 30 June 2017 was computed based on net profit attributable to shareholders of \$275,000 (30 June 2016: \$6,984,000) and number of ordinary shares of 87,265,029 (30 June 2016: 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 2017	Group 31 December 2016	Company 30 June 2017	Company 31 December 2016
Net asset value per ordinary share based on issued share capital	62.8 cents	63.2 cents	45.6 cents	47.3 cents

Net asset value per ordinary share as at 30 June 2017 was computed after deducting non-controlling interest and based on existing ordinary shares of 87,265,029 (31 December 2016: 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 3.9% or \$4.1 million in 1H17. Business had picked up pace in 1Q17 compared to last year but that trajectory was not maintained during 2Q17.

The export-based business in Singapore trended positively in 1Q17 but slowed down during 2Q17, partially affected by the advent of Eid in June this year which delayed the timing of exports to certain markets. 1H17 ended with a 2.0% decline in turnover.

The Group's overseas operations moved forward at a healthy pace registering an increase of 9.4% in turnover over the previous year. As the Group mentioned in previous commentaries it would do so, the Group pursued revenue growth based on its existing network of Group-operated warehouse facilities without establishing new locations during the period.

Of the Group's larger overseas operations, South Korea continued to advance and Australia continued to make steady progress in a more benign foreign exchange rate environment. Malaysia regained some pace with underlying turnover in MYR growing 10.4%. MYR depreciation against SGD continued to be a factor as turnover in SGD registered a slower growth rate of 4.0%.

Total margins increased by \$1.4 million due to the higher turnover and an improvement in the gross margin rate.

The absence this year of a foreign exchange loss and the profit share for directors accrued last year in connection with the gain made from the sale of properties, resulted in largely steady overall operating expenses compared with last year. With cost restraint an important objective, cost trends in many expense categories were moderated with the notable exception of transportation and logistics costs. These costs went up by \$0.4 million, albeit lower if a reclassified amount was excluded, mainly in tandem with the level of haulage and logistics requirement in Australia and South Korea. Excluding the effects of foreign exchange rate volatility and the property gain-based profit share

aforementioned, operating expenses increased but at a slower pace in comparison with last year.

Other income increased by \$0.1 million as there was a foreign exchange gain in 1H17.

The comparative appearing on the gain on sales of assets referred to the gain made in connection with the sale of the Group's properties at Waterloo Centre in FY16.

Profit from operations (PBIT), as shown on the face of the Consolidated Income Statement, decreased from \$8.6 million to \$2.0 million. However, on a like-for-like basis excluding the effects from the gain from the sale of property, PBIT increased from \$1.0 million to \$2.0 million. Profit before and after tax for the period were at \$0.7 million and \$0.3 million respectively.

After accounting for foreign currency translation differences of net assets at overseas subsidiaries and branch, total comprehensive income amounted to \$0.4 million.

### **Balance Sheet Review**

Group inventory levels were at 7.8 months as at 30 June 2017 compared with 7.9 months as at 31 December 2016. Inventory turn improved slightly. Inventory levels nudged up in absolute terms by 3% or \$3.3 million.

Group receivable levels were at 1.7 months as at 30 June 2017 compared with 1.8 months as at 31 December 2016. Trade and other receivables stood at \$35.1 million as at 30 June 2017 in comparison with \$34.1 million as at 31 December 2016.

Loans and borrowings increased by \$5.8 million, from \$85.0 million as at 31 December 2016 to \$90.8 million as at 30 June 2017 due to a higher level of usage of bills payable and trust receipts.

Group payable levels remained at almost the same level as at 30 June 2017 compared to the previous year end at \$21.6 million.

Cash balances increased by \$2.1 million, from \$13.4 million as at 31 December 2016 to \$15.5 million as at 30 June 2017.

The Group's Current Ratio was at 1.45 times as at 30 June 2017, compared with 1.48 times as at 31 December 2016.

The Group's net gearing level was at 1.37 times as at 30 June 2017 in comparison with 1.29 times as at 31 December 2016.

### **Cash Flow Statement Review**

Cash generated from operations before accounting for changes in working capital amounted to \$2.4 million for the half year ended 30 June 2017. After accounting for changes in working capital, cash flows generated from operating activities amounted to \$4.8 million. Cash flows generated from operating activities after accounting for tax and net interest paid amounted to \$4.1 million.

Net cash used for investing activities amounted to \$0.2 million. Net cash used for financing activities amounted to \$1.8 million. Cash balances as at 30 June 2017 amounted to \$15.5 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 17 February 2017, the Directors stated “Barring unforeseen circumstances, the Group is expected to remain profitable in the current financial year.” 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.

The performance in 1H17 reflected the strength and resilience of the Group’s distribution network consisting of the Group’s own overseas operations and its global external customer base. The Group’s business level for the remainder of the year is expected to be well supported by this platform.

With a continuing restraint from expanding the network of Group-operated warehouse facilities in a significant way, the Group intends to follow through a period in which revenues are built up without a significant increase in operating cost levels, thereby helping to improve operational profitability.

Barring unforeseen circumstances, the Group is expected to remain profitable in 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

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

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.

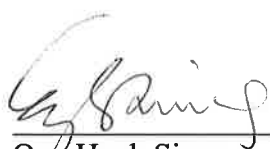
13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.


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 2017 to be false or misleading in any material respects.

On behalf of the Board

  
\_\_\_\_\_  
Ong Hock Siang  
Director

  
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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  
8 August 2017