



# TSH Corporation Limited

Company Registration Number: 200003865N

## Full-Year Unaudited Financial Statement Announcement for the Financial Period Ended 31 December 2010

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### PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	The Group		Increase / (Decrease)
	31/12/2010 S\$'000	31/12/2009 S\$'000	
<b>Revenue</b>	<b>56,382</b>	<b>30,347</b>	<b>85.8%</b>
Cost of sales	(44,283)	(22,059)	100.7%
<b>Gross profit</b>	<b>12,099</b>	<b>8,288</b>	<b>46.0%</b>
Other income	1,811	4,993	-63.7%
General and administrative expenses	(5,102)	(2,415)	111.3%
Selling and marketing expenses	(1,156)	(407)	184.0%
Finance costs	(358)	(176)	103.4%
Other operating expenses	(2,218)	(1,168)	89.9%
<b>Profit before share of results of associated companies and taxation</b>	<b>5,076</b>	<b>9,115</b>	<b>-44.3%</b>
Share of results of associated companies	1,072	112	857.1%
<b>Profit before taxation</b>	<b>6,148</b>	<b>9,227</b>	<b>-33.4%</b>
Taxation	(145)	(245)	-40.8%
<b>PROFIT FOR THE YEAR</b>	<b>6,003</b>	<b>8,982</b>	<b>-33.2%</b>
<b>Other comprehensive income:</b>			
Available-for-sale financial assets:			
- Valuation gain taken to equity	-	538	n.m.
- Transferred to profit and loss upon disposal	(538)	-	n.m.
Foreign currency translation	(1,078)	(292)	269.2%
Share of foreign currency translation of associated companies	85	13	553.8%
<b>Other comprehensive income for the year, net of tax</b>	<b>(1,531)</b>	<b>259</b>	<b>n.m.</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>4,472</b>	<b>9,241</b>	<b>-51.6%</b>
<b>Profit attributable to:</b>			
Owners of the Parent	6,003	8,643	-30.5%
Non-controlling interests	-	339	-100.0%
	<b>6,003</b>	<b>8,982</b>	<b>-33.2%</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Parent	4,472	8,902	-49.8%
Non-controlling interests	-	339	-100.0%
	<b>4,472</b>	<b>9,241</b>	<b>-51.6%</b>

n.m. - not meaningful

**1(a)(ii) Notes to the statement of comprehensive income**

	<b>The Group</b>	
	<b>31/12/2010 S\$'000</b>	<b>31/12/2009 S\$'000</b>
<b><i>Profit before taxation is arrived at after charging / (crediting) the following:-</i></b>		
Amortisation of deferred project costs	-	35
Amortisation of intangible assets	16	-
Depreciation of property, plant and equipment	743	726
Depreciation of investment property	18	19
Dividend income	(51)	(96)
Gain on disposal of assets held for sale	-	(523)
(Gain)/ Loss on disposal of property, plant and equipment	(36)	2
Gain on disposal of held for trading financial assets	(640)	(21)
Gain on disposal of available-for-sale financial assets	(645)	(2,412)
Fair value loss/ (gain) on held for trading financial assets	143	(240)
Foreign exchange loss, net	893	407
Interest expense (included in Cost of Sales and Finance Costs)	234	473
Interest income	(112)	(45)
Impairment of other receivables	47	-
(Reversal of impairment)/ Impairment of trade receivables	(1)	11
Impairment of inventories	114	-
Inventories written off	24	-
Loss on disposal of investment property	219	-
Property, plant and equipment written off	40	-
Negative goodwill arising from acquisition of subsidiary companies	(47)	-
Reversal of impairment of contract work in progress	-	(523)
Reversal of provision for costs and expenses in relation to the disposal of aviation business	-	(907)
<b><i>Taxation:-</i></b>		
Current year	(143)	(350)
(Under)/ Over provision in respect of prior years	(2)	105
	(145)	(245)

**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**

**Statement of financial position**

	The Group		The Company	
	31/12/2010 S\$'000	31/12/2009 S\$'000	31/12/2010 S\$'000	31/12/2009 S\$'000
<b>Non-current assets</b>				
Property, plant and equipment	12,868	3,193	9,636	153
Investment property	-	800	-	-
Investments in:				
- Associated companies	10,669	10,523	9,246	9,246
- Subsidiary companies	-	-	10,385	8,685
- Available-for-sale financial assets	-	1,646	-	1,646
Goodwill	1,778	1,778	-	-
Intangible assets	464	-	-	-
	<b>25,779</b>	<b>17,940</b>	<b>29,267</b>	<b>19,730</b>
<b>Current assets</b>				
Inventories	1,470	400	-	-
Gross amount due from customers for contract work-in-progress	9,017	3,720	-	-
Trade receivables	9,770	6,156	7	9
Other receivables	2,780	3,967	182	3,321
Receivable from subsidiary companies	-	-	20,464	6,922
Held for trading financial assets	1,736	503	1,736	503
Fixed deposits	4,329	12,879	-	8,564
Cash and bank balances	9,758	6,170	1,362	4,248
	<b>38,860</b>	<b>33,795</b>	<b>23,751</b>	<b>23,567</b>
<b>Current liabilities</b>				
Gross amount due to customers for contract work-in-progress	52	79	-	-
Trade payables	4,440	1,619	-	-
Other payables	2,126	3,459	667	585
Payable to a subsidiary company	-	-	2,755	2,743
Borrowings	1,348	1,252	575	-
Finance lease liabilities	59	74	-	-
Provision for taxation	197	300	-	-
	<b>8,222</b>	<b>6,783</b>	<b>3,997</b>	<b>3,328</b>
<b>Net current assets</b>	<b>30,638</b>	<b>27,012</b>	<b>19,754</b>	<b>20,239</b>
<b>Non-current liabilities</b>				
Borrowings	6,178	740	6,178	-
Finance lease liabilities	1	67	-	-
Deferred tax liabilities	438	566	-	110
	<b>6,617</b>	<b>1,373</b>	<b>6,178</b>	<b>110</b>
<b>Net assets</b>	<b>49,800</b>	<b>43,579</b>	<b>42,843</b>	<b>39,859</b>
<b>Equity attributable to the owners of the Parent</b>				
Share capital	26,034	22,164	26,034	22,164
Other reserves	(732)	799	-	538
Revenue reserve	24,498	19,898	16,809	17,157
	<b>49,800</b>	<b>42,861</b>	<b>42,843</b>	<b>39,859</b>
<b>Non-controlling interests</b>	-	<b>718</b>	-	-
<b>Total equity</b>	<b>49,800</b>	<b>43,579</b>	<b>42,843</b>	<b>39,859</b>

## 1(b)(ii) Aggregate amount of group's borrowings and debt securities

### Amount repayable in one year or less, or on demand

As at 31/12/2010 S\$'000		As at 31/12/2009 S\$'000	
Secured	Unsecured	Secured	Unsecured
753	654	297	1,029

### Amount repayable after one year

As at 31/12/2010 S\$'000		As at 31/12/2009 S\$'000	
Secured	Unsecured	Secured	Unsecured
6,179	-	651	156

### Details of any collateral

The Group's secured borrowings are secured by the assets purchased using those borrowings and the assignment of rental income generated from the mortgaged freehold industrial building. Secured borrowings of certain subsidiary companies are also secured by joint and several personal guarantees from a director and 2 former directors of the subsidiary companies involved.

The Company also provided corporate guarantees for unsecured borrowings of the subsidiary companies within the Group.

**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**

	The Group	
	31/12/2010 S\$'000	31/12/2009 S\$'000
<b>Cash Flows From Operating Activities</b>		
<b>Profit before share of results of associated companies and taxation</b>	<b>5,076</b>	<b>9,115</b>
Adjustments for:		
Amortisation of deferred project costs	-	35
Amortisation of intangible assets	16	-
Depreciation of property, plant and equipment	743	726
Depreciation of investment property	18	19
Dividend income	(51)	(96)
Fair value loss/ (gain) on held for trading financial assets	143	(240)
Property, plant and equipment written off	40	-
Gain on disposal of assets held-for-sale	-	(523)
Gain on disposal of held for trading financial assets	(640)	(21)
Gain on disposal of available-for-sale financial assets	(645)	(2,412)
(Gain)/ Loss on disposal of property, plant and equipments	(36)	2
Loss on disposal of investment property	219	-
Impairment of inventories	114	-
Inventories written off	24	-
(Reversal of impairment)/ Impairment of trade receivables	(1)	11
Impairment of other receivables	47	-
Interest expense	234	473
Interest income	(112)	(45)
Negative goodwill arising from acquisition of subsidiary companies	(47)	-
Net effect of currency translation differences	(45)	(14)
Other receivables written off	-	3
Reversal of impairment of contract work in progress	-	(523)
Reversal of provision for costs and expenses in relation to the disposal of aviation business	-	(907)
<b>Operating cash flows before changes in working capital</b>	<b>5,097</b>	<b>5,603</b>
Decrease in inventories	648	18
(Increase)/ Decrease in gross amount due from customers for contract work-in-progress, net	(5,324)	14,002
Increase in trade and other receivables	(1,682)	(1,806)
(Decrease)/ Increase in trade and other payables	(2,299)	222
<b>Cash flows (used in)/ generated from operations</b>	<b>(3,560)</b>	<b>18,039</b>
Interest paid	(234)	(473)
Interest received	120	34
Income taxes paid	(272)	(55)
<b>Net cash flows (used in)/ generated from operating activities</b>	<b>(3,946)</b>	<b>17,545</b>
<b>Cash Flows From Investing Activities</b>		
Acquisition of non-controlling interests	(1,400)	-
Additions to intangible assets	(479)	-
Cash inflow on acquisition of a subsidiary, net (Note A)	438	62
Dividend received, net	59	65
Loan to an associated company	-	(1,349)
Payment of costs and expenses in relation to the disposal of aviation business	-	(963)
Proceeds from disposal of asset held-for-sale	-	1,083
Proceeds from disposal of available-for-sale financial assets	1,993	5,696
Proceeds from disposal of property, plant and equipments	51	-
Proceeds from disposal of investment property	563	-
Purchase of held for trading financial assets, net	(582)	(14)
Purchase of property, plant and equipment	(10,261)	(359)
Repayment of loans to third parties	-	415
<b>Net cash flows (used in)/ generated from investing activities</b>	<b>(9,618)</b>	<b>4,636</b>
<b>Cash Flows From Financing Activities</b>		
Dividends paid	(721)	-
Proceeds from borrowings	7,040	3,744
Proceeds from rights issue of ordinary shares, net	3,870	-
(Placement)/ Redemption of pledged bank balances and deposits, net	(6,001)	1,095
Repayment of borrowings	(1,506)	(12,506)
(Repayment of)/ Proceeds from finance lease liabilities	(81)	118
<b>Net cash flows generated from/ (used in) financing activities</b>	<b>2,601</b>	<b>(7,549)</b>
Net (decrease)/ increase in cash and cash equivalents	(10,963)	14,632
Cash and cash equivalents at beginning of year	17,068	2,436
<b>Cash and cash equivalents at end of year (Note B)</b>	<b>6,105</b>	<b>17,068</b>

## 1(c) Statement of cash flows

### Note A:-

#### FY2010

In FY2010, the Group's subsidiary company, WoW Technologies (Singapore) Pte Ltd, has acquired the entire equity interest of Tracker Shine Limited ("Tracker") from its associated company, Unilink Development Limited. Upon the acquisition, Tracker became a wholly-owned subsidiary company of the Group. The fair value of the identifiable assets and liabilities acquired as at date of acquisition and the cash flow effects of the acquisition were as follows:-

	S\$'000
Property, plant and equipment	228
Inventories	1,856
Trade and other receivables	3,371
Cash and bank balances	965
	6,420
Trade and other payables	(3,788)
Amount due to shareholders	(2,058)
Net assets acquired	574
Negative goodwill arising on acquisition	(47)
Cash consideration paid	527
Less: Cash and cash equivalents acquired	965
Net cash inflow on acquisition	438

#### FY2009

In FY2009, the Group's subsidiary company, Starmo International Pte Ltd, has acquired the entire equity interest of Explomo Security Services Pte Ltd (formerly known as GT Security Services Pte Ltd) ("Security"). Upon the acquisition, Security became a wholly-owned subsidiary company of the Group. The fair value of the identifiable assets and liabilities acquired as at date of acquisition and the cash flow effects of the acquisition were as follows:-

	S\$'000
Property, plant and equipment	28
Trade and other receivables	311
Fixed deposits (pledged)	5
Cash and bank balances	107
	451
Trade and other payables	(311)
Finance lease liability	(10)
Borrowings	(104)
Net assets acquired	26
Goodwill arising on acquisition	18
Expenses in relation to acquisition paid	1
Cash consideration paid	45
Less: Cash and cash equivalents acquired	107
Net cash inflow on acquisition	62

### Note B:-

For the purpose of the statement of cash flows (for the group), the cash and cash equivalents at the end of the financial year comprised the following:

	The Group	
	31/12/2010 S\$000	31/12/2009 S\$000
<b>Cash and cash equivalents</b>		
Fixed Deposits	4,329	12,879
Cash and bank balances	9,758	6,170
	14,087	19,049
Less: Bank balances and fixed deposits pledged	(7,982)	(1,981)
	6,105	17,068

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 For the Financial Year Ended 31 December 2010**

The Group	Share Capital S\$'000	Revenue reserve S\$'000	Other reserves		Attributable to the Owners of the Parent S\$'000	Non-controlling Interests S\$'000	Total Equity S\$'000
			Fair Value reserve S\$'000	Translation reserve S\$'000			
<b>As at 1 January 2010</b>	<b>22,164</b>	<b>19,898</b>	<b>538</b>	<b>261</b>	<b>42,861</b>	<b>718</b>	<b>43,579</b>
<b>Profit for the year</b>	-	<b>6,003</b>	-	-	<b>6,003</b>	-	<b>6,003</b>
Transferred to profit and loss upon disposal of available-for-sale financial assets	-	-	(538)	-	(538)	-	(538)
Foreign currency translation	-	-	-	(1,078)	(1,078)	-	(1,078)
Share of foreign currency translation of associated companies	-	-	-	85	85	-	85
<b>Other comprehensive income for the year</b>	-	-	<b>(538)</b>	<b>(993)</b>	<b>(1,531)</b>	-	<b>(1,531)</b>
<b>Total comprehensive income for the year</b>	-	<b>6,003</b>	<b>(538)</b>	<b>(993)</b>	<b>4,472</b>	-	<b>4,472</b>
Rights issue of ordinary shares	3,870	-	-	-	3,870	-	3,870
Dividends paid	-	(721)	-	-	(721)	-	(721)
<b>Total contributions by and distributions to owners</b>	<b>3,870</b>	<b>(721)</b>	-	-	<b>3,149</b>	-	<b>3,149</b>
Acquisition of non-controlling interests	-	-	-	-	-	(718)	(718)
Premium paid on acquisition of non-controlling interests	-	(682)	-	-	(682)	-	(682)
<b>Total changes in ownership interests in subsidiary</b>	-	<b>(682)</b>	-	-	<b>(682)</b>	<b>(718)</b>	<b>(1,400)</b>
<b>Total transactions with owners in their capacity as owners</b>	<b>3,870</b>	<b>(1,403)</b>	-	-	<b>2,467</b>	<b>(718)</b>	<b>1,749</b>
<b>As at 31 December 2010</b>	<b>26,034</b>	<b>24,498</b>	-	<b>(732)</b>	<b>49,800</b>	-	<b>49,800</b>
<b>As at 1 January 2009</b>	<b>22,164</b>	<b>11,255</b>	-	<b>540</b>	<b>33,959</b>	<b>379</b>	<b>34,338</b>
<b>Profit for the year</b>	-	<b>8,643</b>	-	-	<b>8,643</b>	<b>339</b>	<b>8,982</b>
Valuation gain of available-for-sale financial assets taken to equity	-	-	538	-	538	-	538
Foreign currency translation	-	-	-	(292)	(292)	-	(292)
Share of foreign currency translation of associated companies	-	-	-	13	13	-	13
<b>Other comprehensive income for the year</b>	-	-	<b>538</b>	<b>(279)</b>	<b>259</b>	-	<b>259</b>
<b>Total comprehensive income for the year</b>	-	<b>8,643</b>	<b>538</b>	<b>(279)</b>	<b>8,902</b>	<b>339</b>	<b>9,241</b>
<b>As at 31 December 2009</b>	<b>22,164</b>	<b>19,898</b>	<b>538</b>	<b>261</b>	<b>42,861</b>	<b>718</b>	<b>43,579</b>

The Company	Share Capital S\$'000	Revenue reserve S\$'000	Fair Value reserve S\$'000	Attributable to the Owners of the Parent S\$'000
<b>As at 1 January 2010</b>	<b>22,164</b>	<b>17,157</b>	<b>538</b>	<b>39,859</b>
<b>Profit for the year</b>	<b>-</b>	<b>373</b>	<b>-</b>	<b>373</b>
Transferred to profit and loss upon disposal of available-for-sale financial assets	-	-	(538)	(538)
<b>Other comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>(538)</b>	<b>(538)</b>
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>373</b>	<b>(538)</b>	<b>(165)</b>
Rights issue of ordinary shares	3,870		-	3,870
Dividends paid	-	(721)	-	(721)
<b>Total contributions by and distributions to owners</b>	<b>3,870</b>	<b>(721)</b>	<b>-</b>	<b>3,149</b>
<b>Total transactions with owners in their capacity as owners</b>	<b>3,870</b>	<b>(721)</b>	<b>-</b>	<b>3,149</b>
<b>As at 31 December 2010</b>	<b>26,034</b>	<b>16,809</b>	<b>-</b>	<b>42,843</b>
<b>As at 1 January 2009</b>	<b>22,164</b>	<b>11,648</b>	<b>-</b>	<b>33,812</b>
<b>Profit for the year</b>	<b>-</b>	<b>5,509</b>	<b>-</b>	<b>5,509</b>
Valuation gain of available-for-sale financial assets taken to equity	-	-	538	538
<b>Other comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>538</b>	<b>538</b>
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>5,509</b>	<b>538</b>	<b>6,047</b>
<b>As at 31 December 2009</b>	<b>22,164</b>	<b>17,157</b>	<b>538</b>	<b>39,859</b>

**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.**

	<b>Number of ordinary shares</b>	<b>Share Capital S\$</b>
As at 1 January 2010	180,332,674	22,163,756
Rights issue of ordinary shares	<u>60,110,891</u>	<u>3,870,600</u>
As at 31 December 2010	<u>240,443,565</u>	<u>26,034,356</u>

**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.**

Total number of issued shares excluding treasury shares was 240,443,565 as at 31 December 2010 (31 December 2009: 180,332,674 shares).

**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 neither been audited nor reviewed by the Company's 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 has adopted the same accounting policies and methods of computation in the financial statements for the current financial year compared with the audited financial statements as at 31 December 2009, except for the adoption of certain revised Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that became mandatory from 1 January 2010. The adoption of these FRS and INT FRS did not result in any substantial changes to the Group's accounting policies or any significant impact on the financial statements.

**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.**

Refer to paragraph 4 above.

**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.**

Earnings per ordinary share ("EPS") were calculated by dividing the net profit after tax after non-controlling interests by the weighted average number of ordinary shares in issue during the financial year:

	<b>2010 Cents</b>	<b>2009 Cents</b>
<b>The Group</b>		Restated <sup>(1)</sup>
<b>EPS for the financial year based on net profit attributable to owners of the Parent</b>		
Basic <sup>(2)</sup>	2.58	4.44
Diluted <sup>(3)</sup>	2.58	4.44

**Notes:-**

- (1) Adjusted to reflect the enlarged share capital pursuant to rights issue of ordinary shares in FY2010.
- (2) Basic EPS is computed based on the weighted average number of shares in issue of 233,044,408 for the FY2010 (FY2009: 194,669,122 shares).
- (3) There is no potential dilutive ordinary share for FY2010 and FY2009.

**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.**

	<b>The Group</b>		<b>The Company</b>	
	<b>31/12/2010 Cents</b>	<b>31/12/2009 Cents</b>	<b>31/12/2010 Cents</b>	<b>31/12/2009 Cents</b>
Net asset value per ordinary share based on existing issued share capital as at the end of the respective financial year	20.71	23.77	17.82	22.10

**Note:-**

- (1) The net asset value per ordinary share is computed based on the equity attributable to the owners of the Parent divided by 240,443,565 ordinary shares as at 31 December 2010 (31 December 2009: 180,332,674).

**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 (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.**

#### **Statement of comprehensive income**

##### **Revenue**

The revenue of the Group has increased by S\$26.03m or 85.8% from S\$30.35m in FY2009 to S\$56.38m in FY2010. The higher revenue was due to the contributions from the subsidiary companies in Consumer Electronic Products business acquired from its associated company in FY2010. This business segment has contributed S\$27.33m or 48.5% of the Group revenue in FY2010.

##### **Gross profit**

The gross profit of the Group for FY2010 has increased by S\$3.81m or 46.0% from S\$8.29m in FY2009 to S\$12.10m in FY2010. The increase in gross profit was contributed by the Consumer Electronic Products business mentioned above.

The gross margin of the Group has decreased by 5.8 percentage points from 27.3% in FY2009 to 21.5% in FY2010.

The lower gross margin in FY2010 was due mainly to the lower profit margin generated from the major projects with contract value denominated in Euro and United State Dollar as a result of the depreciation of those currencies against Singapore Dollar in FY2010 and the recognition of full profit upon completion of major projects in FY2009.

The decrease in gross margin was also attributed to the change in the revenue stream of the Group subsequent to the acquisition of the subsidiary companies in Consumer Electronic Products business, which generates lower gross margin, in FY2010.

##### **Other income**

The other income of the Group for FY2010 has decreased by S\$3.18m or 63.7% from S\$4.99m in FY2009 to S\$1.81m in FY2010. The decrease in other income was due mainly to the lower gain on disposal of available-for-sale financial assets, absence of certain non recurring income such as reversal of excess provision made for costs and expenses in relation to the disposal of aviation business, gain on disposal of asset held for sale and reversal of impairment of contract work-in-progress in FY2010. However, this was moderated by the increase in gain on disposal of held for trading financial assets as a result of higher level of trading activities carried out in FY2010.

##### **Profit before share of results of associated companies and taxation**

The Group profit before share of results of associated companies and taxation for FY2010 has decreased by S\$4.04m or 44.3% from S\$9.12m in FY2009 to S\$5.08m in FY2010. The lower profit was primarily attributable to the lower other income generated, higher general and administrative expenses and other operating expenses incurred in FY2010. However, the aforesaid decrease was moderated by the increase in gross profit.

The general and administrative expenses have increased by S\$2.69m from S\$2.42m in FY2009 to S\$5.10m in FY2010 and the selling and distribution expenses have increased by S\$0.75m from S\$0.41m in FY2009 to S\$1.16m in FY2010. These increases were attributed mainly to the consolidation of the expenses of the newly acquired subsidiary companies mentioned above.

The other operating expenses have increased by S\$1.05m or 89.9% from S\$1.17m in FY2009 to S\$2.22m in FY2010. This was due mainly to the net exchange loss suffered as a result of the depreciation of United State Dollars, Euro and Danish Kroner against the functional currencies of the companies within the Group in FY2010.

The finance costs have increased by S\$0.18m or 103.4% from S\$0.18m in FY2009 to S\$0.36m in FY2010 mainly due to the interest on loan incurred for the freehold industrial building acquired in FY2010. The total interest expense (included in cost of sales and finance costs) has decreased by S\$0.24m from S\$0.47m in FY2009 to S\$0.23m in FY2010 as the major projects were financed by internal source of funds in FY2010.

##### **Profit for the year**

The Group profit for the year has decreased by S\$2.98m or 33.2% from S\$8.98m in FY2009 to S\$6.00m in FY2010 as a result of the lower profit before share of result of associated companies mentioned above. However, the decrease was moderated by the increase in the share of profit of the associated companies of S\$0.96m from S\$0.11m in FY2009 to S\$1.07m in FY2010.

The improvement in the performance of the associated companies was due mainly to the improved margin in FY2010.

##### **Other comprehensive income**

The foreign currency translation loss under the other comprehensive income was related mainly to the translation loss arose from the equity accounting of the associated companies as a result of the depreciation of Hong Kong Dollar against Singapore Dollar.

## Statement of financial position

### Non-current assets

The group non-current assets has increased by S\$7.84m or 43.7% from S\$17.94m as at 31 December 2009 to S\$25.78m as at 31 December 2010. The increase was due mainly to the acquisition of a freehold industrial building and the capitalisation of development costs of certain consumer electronic products during the year. However, the increase was moderated by the disposal of the available-for-sale financial assets of S\$1.65m in FY2010.

### Current assets

The Group current assets has increased by S\$5.06m or 15.0% from S\$33.80m as at 31 December 2009 to S\$38.86m as at 31 December 2010. The increase was due mainly to:

- the consolidation of the inventories of S\$1.31m, trade receivable of S\$0.90m, other receivables of S\$2.15m, and cash and bank balances of S\$3.26m of the newly acquired subsidiary companies;
- the higher trade receivables as a result of the delay in collection from the projects of the Homeland Security Services business. S\$3.36m was collected from the projects subsequent to year end.
- the increase in gross amount due from customers for contract work in progress as a result of the lead time between costs incurred and progress billings; and
- the purchase of held for trading financial assets in FY2010.

However, the increase was moderated by the decrease in cash and bank balances (including fixed deposits) and other receivables.

The cash and bank balances (including fixed deposits) has decreased by S\$4.96m from S\$19.05m as at 31 December 2009 to S\$14.09m as at 31 December 2010 due mainly to the cash used to finance the major projects of the Homeland Security Services business.

The decrease in other receivables was due mainly to:

- the absence of the receivable from the associated companies of S\$2.06m as at 31 December 2009 as a result of the elimination of inter company balance upon the acquisition of 100% equity interest in the associated companies in Consumer Electronic Products business by the Group in FY2010 as mentioned above;
- transfer of the deposit of S\$0.70m for the freehold industrial building as at 31 December 2009 to property, plant and equipment upon the completion of the purchase; and
- receipt of the proceeds receivable from the disposal of financial assets of S\$0.50m.

### Current liabilities

The group current liabilities has increased by S\$1.44m or 21.2% from S\$6.78m as at 31 December 2009 to S\$8.22m as at 31 December 2010. The increase was due mainly to the higher trade payables as a result of the consolidation of the trade payables of S\$2.90m of the newly acquired subsidiary companies, but this was moderated by the decrease in other payables as a result of the repayment of accrued contract costs.

### Non-current liabilities

The Group non-current liabilities has increased by S\$5.24m or 381.9% from S\$1.37m as at 31 December 2009 to S\$6.62m as at 31 December 2010 due mainly to the loan taken up for the acquisition of the freehold industrial building.

### Other reserves

The Group other reserves consisted of translation reserve and fair value reserve. The translation reserve has changed from a gain of S\$0.26m as at 31 December 2009 to a loss of S\$0.73m as at 31 December 2010 due mainly to the depreciation of Hong Kong Dollar against Singapore Dollar. The S\$nil fair value reserve as at 31 December 2010 was due to the transfer of the valuation gain on available-for-sale financial assets to profit and loss upon the disposal.

## Statement of cash flows

The deficit in cash from operating activities of S\$3.95m arose mainly as a result of fund used to finance projects of the Homeland Security Services business and the delay in collection of progress billings from the projects. S\$3.36m was collected from the projects subsequent to year end.

The net cash flows used in investing activities of S\$9.62m related mainly to the purchase of a property, plant and equipment of S\$10.26m and the acquisition of non-controlling interest of a subsidiary company in Homeland Security Services business of S\$1.40m. The cash outflow was partially offset by the proceeds from disposal of available-for-sale financial assets of S\$1.99m.

The increase in cash from financing activities of S\$2.60m was mainly due to the loan of S\$7.04m taken up for the acquisition of the freehold industrial building and the proceeds from rights issue of shares of S\$3.87m. However, this was moderated by the increase in deposits and cash balances pledged with banks of S\$6.00m and repayment of borrowings of S\$1.51m.

**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.**

The Homeland Security Services business is a project-based business and the performance will depend on the ability of the Group to secure new projects.

The Consumer Electronic Products business, which is involved in the original design and manufacturing of consumer electronic products in China and include the business of the associated companies which comprises mainly the assembly of high volume printed circuit board and cellular phone in China, have relatively low barriers to entry and is highly competitive, and the increasing operating costs in China may affect the performance of these businesses.

Barring any unforeseen circumstances, the directors are cautiously optimistic about the prospects of the group's business for the new fiscal year.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

The Board recommends the payment of a final dividend:

Name of dividend	Final
Dividend Type	Cash
Dividend Amount per Share (in cents)	0.30 cents per ordinary share
Tax rate	Exempt One-Tier

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes

Name of dividend	Final
Dividend Type	Cash
Dividend Amount per Share (in cents)	0.30 cents per ordinary share
Tax rate	Exempt One-Tier

**(c) Date payable**

To be announced at a later date.

**(d) Books closure date**

To be announced at a later date.

**12. If no dividend has been declared / recommended, a statement to that effect.**

Not applicable.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

**13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

<b>By Business Segments</b>	<b>Homeland Security Services Business S\$'000</b>	<b>Consumer Electronic Products Business S\$'000</b>	<b>Corporate and Others S\$'000</b>	<b>Adjustments and Eliminations S\$'000</b>	<b>Total S\$'000</b>
<b>2010</b>					
Sales to external customers	28,954	27,335	93	-	56,382
Inter-segment sales	45	-	1,552	(1,597)	-
<b>Total revenue</b>	<b>28,999</b>	<b>27,335</b>	<b>1,645</b>	<b>(1,597)</b>	<b>56,382</b>
Dividend income	-	-	51	-	51
Fair value loss on held for trading financial assets	-	-	143	-	143
Gain on disposal of held for trading financial assets	-	-	640	-	640
Gain on disposal of available-for-sale financial assets	-	-	645	-	645
Interest income	13	56	520	(477)	112
Amortisation of intangible assets	-	16	-	-	16
Depreciation of property, plant and equipment	524	91	128	-	743
Depreciation of investment property	18	-	-	-	18
Finance costs	175	110	163	(91)	357
Impairment of other receivables	47	-	-	-	47
Loss on disposal of investment property	219	-	-	-	219
Impairment/ (Reversal of impairment) of inventories	167	(53)	-	-	114
Inventories written off	10	14	-	-	24
Share of results of associated companies	-	1,072	-	-	1,072
Segment operating profit before taxation	2,183	2,986	976	4	6,149

<b>By Business Segments</b>	<b>Homeland Security Services Business S\$'000</b>	<b>Consumer Electronic Products Business S\$'000</b>	<b>Corporate and Others S\$'000</b>	<b>Adjustments and Eliminations S\$'000</b>	<b>Total S\$'000</b>
<b>2009</b>					
Sales to external customers	30,060	-	287	-	30,347
Inter-segment sales	-	-	1,120	(1,120)	-
<b>Total revenue</b>	<b>30,060</b>	<b>-</b>	<b>1,407</b>	<b>(1,120)</b>	<b>30,347</b>
Dividend income	-	-	96	-	96
Fair value gain on held for trading financial assets	-	-	240	-	240
Gain on disposal of available-for-sale financial assets	-	-	2,412	-	2,412
Gain on disposal of assets held for sale	-	-	523	-	523
Interest income	45	-	1,470	(1,470)	45
Reversal of impairment of contract work-in-progress	523	-	-	-	523
Reversal of provision for costs and expenses in relation to the disposal of aviation business	-	-	907	-	907
Amortisation of deferred project costs	35	-	-	-	35
Depreciation of property, plant and equipment	697	-	29	-	726
Depreciation of investment property	19	-	-	-	19
Finance costs	297	-	8	(129)	176
Impairment of trade receivables	11	-	-	-	11
Other receivables written off	3	-	-	-	3
Share of results of associated companies	-	112	-	-	112
Segment operating profit before taxation	3,576	112	5,539	-	9,227

**14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments**

See paragraph 8 above.

## 15. A breakdown of sales

<b>The Group</b>	<b>2010 S\$'000</b>	<b>2009 S\$'000</b>	<b>Increase/ (decrease) %</b>
(a) Sales reported for first half year	28,282	11,586	144%
(b) Operating profit after tax before deducting non-controlling interests reported for first half year	2,715	1,156	135%
(c) Sales reported for second half year	28,100	18,761	50%
(d) Operating profit after tax before deducting non-controlling interests reported for second half year	3,288	7,826	-58%

## 16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

Total Annual Dividend

	<b>Tax rate</b>	<b>Proposed/ Actual payment date</b>	<b>Dividends for financial year ended</b>	
			<b>2010</b>	<b>2009</b>
			<b>S\$'000</b>	<b>S\$'000</b>
Ordinary - Final dividend for financial year ended 31 December 2009	Exempt One-Tier	24-May-10	-	721
Ordinary - Final proposed dividend for financial year ended 31 December 2010	Exempt One-Tier	To be announced at a later date.	721	-

## BY ORDER OF THE BOARD

Lye Chee Fei Anthony  
DIRECTOR  
1 March 2011