

**TEHO INTERNATIONAL INC LTD.**

(Company Registration No: 200811433K)  
(Incorporated in the Republic of Singapore)

**FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

*Teho International Inc Ltd. (the "Company") was listed on the Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 4 June 2009. The initial public offering ("IPO") of the Company was sponsored by Collins Stewart Pte. Limited.*

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Collins Stewart Pte. Limited for compliance with the relevant rules of the SGX-ST. Collins Stewart Pte. Limited has not independently verified the contents of this announcement.*

*This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes 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 person for the Sponsor is Mr. Alex Tan, Managing Director, Corporate Finance, Collins Stewart Pte. Limited at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854-6160.*

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

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

**Consolidated Income Statement**

	<b>Group Half Year Ended \$'000</b>		<b>% Change</b>
	<b>31.12.11</b>	<b>31.12.10</b>	
<b>Revenue</b>	17,485	16,823	3.9%
Cost of sales	(11,874)	(12,125)	(2.1%)
<b>Gross profit</b>	<u>5,611</u>	<u>4,698</u>	19.4%
<b><u>Other items of income</u></b>			
Interest	11	2	450.0%
Other credits	264	31	751.6%
<b><u>Other items of expense</u></b>			
Distribution costs	(300)	(290)	3.4%
Administrative expenses	(2,123)	(1,752)	21.2%
Other operating expenses	(1,087)	(967)	12.4%
Finance costs	(150)	(248)	(39.5%)
Other charges	(93)	(106)	(12.3%)
Share of loss from equity-accounted associate	-	(1)	nm
<b>Profit before tax from continuing operations</b>	<u>2,133</u>	<u>1,367</u>	56.0%
Income tax expenses	(412)	(202)	104.0%
<b>Profit from continuing operations, net of tax</b>	<u>1,721</u>	<u>1,165</u>	47.7%
Profit attributable to owners of the parent, net of tax	<u>1,721</u>	<u>1,165</u>	47.7%
	<u>1,721</u>	<u>1,165</u>	47.7%
<b>Earnings Per Share</b>			
	<u>Cents</u>	<u>Cents</u>	
Profit after tax attributable to owners of the Group	<u>1.54</u>	<u>1.04</u>	48.1%
nm - not meaningful			

**Statement of Consolidated Comprehensive Income**

	<b>Group Half Year Ended \$'000</b>		<b>% Change</b>
	<b>31.12.11</b>	<b>31.12.10</b>	
<b>Profit from continuing operations, net of tax</b>	1,721	1,165	47.7%
<u>Other comprehensive income:</u>			
Exchange differences on translating foreign operations, net of tax	<u>1</u>	<u>3</u>	<u>(66.7%)</u>
<b>Total comprehensive income</b>	<u><u>1,722</u></u>	<u><u>1,168</u></u>	<u><u>47.4%</u></u>
<u>Total comprehensive income attributable to:</u>			
Owners of parent	<u>1,722</u>	<u>1,168</u>	<u>47.4%</u>
<b>Total comprehensive income</b>	<u><u>1,722</u></u>	<u><u>1,168</u></u>	<u><u>47.4%</u></u>

nm - not meaningful

(ii) Notes to the statement of comprehensive income

	Group Half Year Ended \$'000		% Change
	31.12.11	31.12.10	
Rental income	36	6	500.0%
Gain/(Loss) on disposal of plant and equipment	175	(1)	17600.0%
Sundry expense	(11)	(8)	37.5%
Foreign exchange transaction loss	(82)	(97)	-15.5%
Sundry income	11	6	83.3%
Bad debts recovered	4	-	nm
Gain/(Loss) on fair value of interest rate swap	<u>38</u>	<u>19</u>	<u>100.0%</u>
Net	<u><u>171</u></u>	<u><u>(75)</u></u>	<u><u>328.0%</u></u>

nm - 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.

### Statement of Consolidated Financial Position

	Group		Company	
	As at 31.12.11	As at 30.06.11	As at 31.12.11	As at 30.06.11
	\$'000		\$'000	
<b>Assets</b>				
<b><u>Non-current assets</u></b>				
Property, plant and equipment	5,743	5,935	-	-
Investments in subsidiaries	-	-	13,321	13,321
Investment in associate	93	93	43	43
<b>Total non-current assets</b>	<b>5,836</b>	<b>6,028</b>	<b>13,364</b>	<b>13,364</b>
<b><u>Current assets</u></b>				
Inventories	20,240	18,732	-	-
Trade and other receivables	6,496	7,089	2,714	3,924
Other assets	40	170	40	86
Cash and cash equivalents	7,897	8,111	84	60
<b>Total current assets</b>	<b>34,673</b>	<b>34,102</b>	<b>2,838</b>	<b>4,070</b>
<b>Total assets</b>	<b>40,509</b>	<b>40,130</b>	<b>16,202</b>	<b>17,434</b>
<b>EQUITY AND LIABILITIES</b>				
<b><u>Equity</u></b>				
Share capital	15,481	15,481	15,481	15,481
Retained earnings	10,766	9,939	721	1,835
Foreign currency translation reserve	(11)	(12)	-	-
<b>Equity, attributable to owners of the Parent</b>	<b>26,236</b>	<b>25,408</b>	<b>16,202</b>	<b>17,316</b>
<b>Total equity</b>	<b>26,236</b>	<b>25,408</b>	<b>16,202</b>	<b>17,316</b>
<b><u>Non-current liabilities</u></b>				
Deferred tax liabilities	98	98	-	-
Other financial liabilities, non-current	2,113	2,430	-	-
<b>Total non-current liabilities</b>	<b>2,211</b>	<b>2,528</b>	<b>-</b>	<b>-</b>
<b><u>Current liabilities</u></b>				
Income tax payable	656	516	-	-
Trade and other payables	2,736	1,929	-	118
Other financial liabilities, current	8,670	9,749	-	-
<b>Total current liabilities</b>	<b>12,062</b>	<b>12,194</b>	<b>-</b>	<b>118</b>
<b>Total liabilities</b>	<b>14,273</b>	<b>14,722</b>	<b>-</b>	<b>118</b>
<b>Total equity and liabilities</b>	<b>40,509</b>	<b>40,130</b>	<b>16,202</b>	<b>17,434</b>

1(b)(ii) In relation to the aggregate amount of the Group's borrowings and debt securities, specify the following at the end of the financial period reported on with comparative figures at the end of the immediately preceding financial year:

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

<b>As at 31.12.11 (\$'000)</b>		<b>As at 30.06.11 (\$'000)</b>	
Secured	Unsecured	Secured	Unsecured
8,179	491	8,358	1,391

**Amount repayable after one year**

<b>As at 31.12.11 (\$'000)</b>		<b>As at 30.06.11 (\$'000)</b>	
Secured	Unsecured	Secured	Unsecured
1,389	724	1,464	966

**Details of collateral**

Total borrowings of S\$10.8 million are covered by the Company's guarantee and a first legal charge on the Group's leasehold and buildings. Of the total borrowings, S\$2.7 million is term loan which comprises a mortgage loan of S\$1.5 million repayable beyond one year in equal monthly instalments over 15 years with effect from August 2006 and the balance of S\$1.2 million is repayable in equal monthly instalments over the next two and a half years from January 2012.

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

**Consolidated Statement of Cash Flows**

	<b>Group</b>	
	<b>Half Year Ended</b>	
	<b>\$'000</b>	
	<b>31.12.11</b>	<b>31.12.10</b>
<b><u>Cash flows from operating activities</u></b>		
Profit before tax	2,133	1,367
Adjustments for:		
Share of loss of associate	-	1
Depreciation of plant and equipment	357	362
(Gain)/Loss on disposal of plant and equipment	(175)	1
Interest expense	150	248
Interest income	(11)	(2)
Net effect of exchange rate changes in consolidating foreign entities	1	3
Operating cash flows before changes in working capital	<u>2,455</u>	<u>1,980</u>
Increase in inventories	(1,508)	(60)
Decrease in trade and other receivables	593	1,538
Decrease in other assets	130	56
Increase/(Decrease) in trade and other payables	<u>807</u>	<u>(662)</u>
Net cash flows from operations before interest and tax	<u>2,477</u>	<u>2,852</u>
Income taxes paid	<u>(272)</u>	<u>(482)</u>
Net cash flows from operating activities	<u>2,205</u>	<u>2,370</u>
<b><u>Cash flows from investing activities</u></b>		
Purchase of plant and equipment	(165)	(460)
Proceeds from disposal of plant and equipment	175	-
Interest received	<u>11</u>	<u>2</u>
Net cash flows from/(used) in investing activities	<u>21</u>	<u>(458)</u>
<b><u>Cash flows from financing activities</u></b>		
Dividends paid to equity shareholders	(894)	(894)
Decrease in other financial liabilities	(1,396)	(1,521)
Interest paid	<u>(150)</u>	<u>(248)</u>
Net cash flows used in financing activities	<u>(2,440)</u>	<u>(2,663)</u>
Net decrease in cash and cash equivalents	(214)	(751)
Cash and cash equivalents, beginning balance	<u>8,111</u>	<u>7,436</u>
Cash and cash equivalents, ending balance	<u>7,897</u>	<u>6,685</u>



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 well as the number 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.

Since 30 June 2011 there had been no changes to the Company's issued share capital.

As at 31 December 2011 and 31 December 2010 the Company had no outstanding convertibles or treasury 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 31.12.11	As at 30.06.11
Total number of issued shares (excluding treasury shares)	111,800,000	111,800,000

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.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited nor reviewed by 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 applied the same accounting policies and method of computations in the financial statement for the current financial period as those applied to the audited financial statements for the financial year ended 30 June 2011.

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.

Not applicable.

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 for the period based on profit attributable to owners of the parent, net of tax:

	<b>Group</b>	
	<b>Half Year ended 31.12.11</b>	<b>Half Year ended 31.12.10</b>
(i) Based on weighted average number of ordinary shares in issue (Cents) Number of ordinary shares in issue	1.54 111,800,000	1.04 111,800,000
(ii) On a fully diluted basis (Cents) Diluted number of ordinary shares in issue	1.54 111,800,000	1.04 111,800,000

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.

	<b>Group As at</b>		<b>Company As at</b>	
	<b>31.12.11</b>	<b>30.06.11</b>	<b>31.12.11</b>	<b>30.06.11</b>
Net asset value per ordinary share based on the weighted average number of shares in issue (Cents)	23.5	22.7	14.5	15.4
Weighted average number of shares in issue	111,800,000	111,800,000	111,800,000	111,800,000

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.

## **Financial Performance Review**

### *Revenue*

Revenue for the half-year ended 31 December 2011 ("HY2012") had increased by \$0.7 million or 3.9% to \$17.5 million as compared to \$16.8 million in HY2011. The increase was due mainly to increased sales from the marine sector in Singapore. Revenue from Singapore accounted for over 80% of the total revenue in HY2012.

### *Gross profit*

The Group performed relatively well in HY2012 despite the volatility in the global markets. The overall gross profit in HY2012 had increased by \$0.9 million or 19.4% to \$5.6 million in HY2012 from \$4.7 million in HY2011. The marine sector's gross profit showed the biggest increase as a result of an increase in sales orders. The improvement in gross profit was also due to higher selling prices and lower purchasing costs as a result of the weakening USD/SGD exchange rate over the last one year. As a result, the Group's gross profit margin increased by 4.2 percentage points from 27.9% in HY2011 to 32.1% in HY2012.

### *Other items of income*

In HY2012, the other items of income had increased by \$0.2 million as compared to HY2011 due mainly to the disposal gain of plant and equipment in HY2012.

### *Other items of expense*

Other items of expenses increased by \$0.4 million or 11.6%, from \$3.4 million in HY2011 to S\$3.8 million in HY2012 were due mainly to increases in administrative expenses and other operating expenses.

Administrative expenses had increased by \$0.4 million due mainly to increased headcount, salaries and related expenses.

Distribution costs, which related to freight & handling charges, travelling expenses, trade show & exhibition expenses and advertisement expenses remained largely unchanged at \$0.3 million in HY2012.

Other operating expenses had also increased by \$0.2 million as a result of an increase in property tax, land rent, expenses relating to the upkeep of properties, rental of office, staff training and welfare.

The above increase was partially offset by the decrease in finance costs of \$0.1 million due to lower interest rates in HY2012 as compared to HY2011 and decrease in bank loans during the period.

### *Profit before tax from continuing operations*

Profit before tax from continuing operations increased by \$0.8 million or 56.0% to \$2.1 million in HY2012 from \$1.4 million in HY2011 of which \$1.0 million was due mainly to the higher gross profit margin and gain on disposal of plant and equipment of \$0.2 million and partially offset by a \$0.4 million increase in operating expenses as elaborated above.

## **Balance Sheet Review**

### *Non-current assets*

Property, plant and equipment decreased by \$0.2 million as at 31 December 2011 as a result of the depreciation charged during the period under review, partially offset by the acquisition of property plant and equipment amounting to \$0.2 million during the period.

### *Current assets*

The increase in current assets of \$0.6 million was attributable mainly to the increase in inventory by \$1.5 million as a result of higher sales orders and partially offset by the decrease in trade and other receivables of \$0.6 million, decrease in other assets of \$0.1 million and decrease in cash and cash equivalents of \$0.2 million.

### *Non-current liabilities*

The decrease in non-current liabilities of \$0.3 million was due to the repayment of term loans.

### *Current liabilities*

Current liabilities decreased by \$0.1 million due mainly to the decrease in other financial liabilities of \$1.1 million which is partially offset by the increase of \$0.8 million in trade and other payables and an increase in income tax payable of \$0.2 million.

### *Shareholders' equity*

The increase of \$0.8 million in Shareholders' equity was due mainly to the profit attributable to owners of the parent net of tax of \$1.7 million during the period under review, partially offset by a dividend payment of \$0.9 million in HY2012.

## **Cash Flow Statement Review**

### *Cash flows from operating activities*

Net cash generated from operating activities was \$2.2 million due to the operating profit before working capital changes of \$2.5 million less income tax paid of \$0.3 million. Net cash flow in relation to working capital changes was relatively insignificant for the period under review as the decrease in trade and other receivables of \$0.6 million, decrease in other assets of \$0.1 million and an increase in trade and other payables of \$0.8 million was largely offset by the increase in inventories amounting to \$1.5 million.

### *Cash flows from investing activities*

Net cash generated from investing activities was \$21,000, as the purchase of plant and equipment of \$165,000 was offset by the proceeds from the disposal of plant and equipment and interest received amounting to \$175,000 and \$11,000 respectively.

### *Cash flows from financing activities*

Net cash used in financing activities was \$2.4 million, due to dividends paid to equity shareholders, partial repayment of term loans and interest paid.

As a result of the above, there was a net decrease in cash and cash equivalents of \$0.2 million for HY2012. The cash and cash equivalents as at 31 December 2011 stood at \$7.9 million.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement had been previously disclosed.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.

The Group expects the economic outlook to be challenging due to uncertainties over the European Union financial crisis and slowdown in the growth of the global economy. The marine sector is still consolidating, though the offshore O&G sector appears to be on the recovery track. The business will remain highly competitive with committed costs and overheads. The Group will continue to consolidate its position so as to maintain and improve on its market share for the ropes and related products and businesses.

Despite the uncertain outlook, more direct marketing efforts will be channelled by our business development team to promote our existing range of products and services to our valued existing and new customers, including working closely with all our overseas distribution points.

11. If a decision regarding dividend has been made:

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

No.

(b)(i) Amount per share (cents)

Not applicable.

(b)(ii) Previous corresponding period

Nil

(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. (If the dividend is not taxable in the hands of the shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.

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

No interim dividend has been declared nor recommended for the first half of financial year 2012.

### 13. Interested Person Transactions

No mandate has been obtained by the Company in respect of the interested person transactions entered into for the financial year ending 30 June 2012. During the financial period, interested person transactions based on terms agreed between the parties were as follows:

	<b>Group</b>		<b>Company</b>	
	<b>31.12.11</b>	<b>31.12.10</b>	<b>31.12.11</b>	<b>31.12.10</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Rental paid to a firm of which a director is a member	117,792	98,160	-	-

Except for the above, there was no other interested person transactions, as defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited, entered into by the Group or by the Company during the financial period ended 31 December 2011.

### 14. Confirmation by the Board Pursuant to Rule 705(5)

We, Lim See Hoe and Lim Siew Cheng, being two Directors of the Company, do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for first half year ended 31 December 2011 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Lim See Hoe  
Executive Chairman and Chief Executive Officer

Lim Siew Cheng  
Executive Director and Chief Operating Officer

9 February 2012