

**TEHO INTERNATIONAL INC LTD.**

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

**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, SAC Capital Private Limited, for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Company's Sponsor 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.*

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**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.**

<b>Consolidated Income Statement</b>	<b>Group</b>		<b>% Change</b>
	<b>Half Year Ended</b>		
	<b>31 Dec 2014 (Unaudited)</b>	<b>31 Dec 2013 (Unaudited)</b>	
	<b>\$'000</b>		
<b>Revenue</b>	29,908	28,007	6.8%
Cost of sales	(20,417)	(19,100)	6.9%
<b>Gross profit</b>	<u>9,491</u>	<u>8,907</u>	<u>6.6%</u>
<b><u>Other items of income</u></b>			
Interest	1	1	–
Other credits	207	49	322.4%
<b><u>Other items of expense</u></b>			
Distribution costs	(965)	(640)	50.8%
Administrative expenses	(5,104)	(3,627)	40.7%
Other operating expenses	(2,411)	(1,759)	37.1%
Finance costs	(324)	(173)	87.3%
Other charges	(566)	(407)	39.1%
<b>Profit before tax from continuing operations</b>	329	2,351	(86.0%)
Income tax expenses	(77)	(416)	(81.5%)
<b>Profit from continuing operations, net of tax</b>	<u>252</u>	<u>1,935</u>	<u>(87.0%)</u>
Profit attributable to owners of the parent, net of tax	252	1,935	(87.0%)
	<u>252</u>	<u>1,935</u>	<u>(87.0%)</u>
<b>Earnings Per Share</b>			
	<u>Cents</u>	<u>Cents</u>	
Profit after tax attributable to owners of the Group	0.13	1.64	(92.1%)

**Statement of Consolidated Comprehensive Income**

	<b>Group</b>		<b>% Change</b>
	<b>Half Year Ended</b>		
	<b>31 Dec 2014 (Unaudited)</b>	<b>31 Dec 2013 (Unaudited)</b>	
	<b>\$'000</b>		
<b>Profit from continuing operations, net of tax</b>	252	1,935	(87.0%)
<b><u>Other comprehensive income:</u></b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange differences on translating foreign operations, net of tax	157	(2)	n.m.
<b>Total comprehensive income</b>	<u>409</u>	<u>1,933</u>	<u>(78.8%)</u>
<b><u>Total comprehensive income attributable to:</u></b>			
Owners of parent	409	1,933	(78.8%)
<b>Total comprehensive income</b>	<u>409</u>	<u>1,933</u>	<u>(78.8%)</u>

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

	<b>Group</b>		<b>% Change</b>
	<b>Half Year Ended</b>		
	<b>31 Dec 2014 (Unaudited)</b>	<b>31 Dec 2013 (Unaudited)</b>	
	<b>\$'000</b>		
Amortisation of intangible assets	(261)	(328)	(20.4%)
Allowance for doubtful debt	(23)	–	n.m.
Depreciation	(697)	(465)	49.9%
Foreign exchange loss	(282)	(79)	257.0%
Gain on disposal of plant and equipment	30	–	n.m.
Gain on disposal of investment in associated company	78	–	n.m.
Interest income	1	1	–
Interest expense	(261)	(173)	50.9%

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		As at	
	31 Dec 2014 (Unaudited)	30 Jun 2014 (Audited)	31 Dec 2014 (Unaudited)	30 Jun 2014 (Audited)
	\$'000		\$'000	
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	31,650	31,627	188	18
Investments in subsidiaries	–	–	34,222	34,122
Investment in associates	288	186	–	43
Intangible Assets	22,305	10,611	–	–
<b>Total non-current assets</b>	<b>54,243</b>	<b>42,424</b>	<b>34,410</b>	<b>34,183</b>
<b>Current assets</b>				
Inventories	23,228	21,098	–	–
Development properties	27,151	26,394	–	–
Trade and other receivables	17,231	16,364	23,094	6,417
Other assets	2,885	1,130	695	118
Cash and cash equivalents	14,257	15,814	569	168
<b>Total current assets</b>	<b>84,752</b>	<b>80,800</b>	<b>24,358</b>	<b>6,703</b>
<b>Total assets</b>	<b>138,995</b>	<b>123,224</b>	<b>58,768</b>	<b>40,886</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	32,052	24,352	32,052	24,352
Retained earnings	13,811	14,959	(458)	2,012
Revaluation Reserve	20,700	20,824	–	–
Foreign currency translation reserve	129	(28)	–	–
<b>Total equity</b>	<b>66,692</b>	<b>60,107</b>	<b>31,594</b>	<b>26,364</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities	5,029	5,118	–	–
Other financial liabilities, non-current	25,307	20,838	–	–
Finance leases, non-current	107	124	–	–
<b>Total non-current liabilities</b>	<b>30,443</b>	<b>26,080</b>	<b>–</b>	<b>–</b>
<b>Current liabilities</b>				
Income tax payable	591	693	–	–
Trade and other payables	7,265	8,183	27,174	14,522
Other financial liabilities, current	33,825	28,000	–	–
Finance leases, current	179	161	–	–
<b>Total current liabilities</b>	<b>41,860</b>	<b>37,037</b>	<b>27,174</b>	<b>14,522</b>
<b>Total liabilities</b>	<b>72,303</b>	<b>63,117</b>	<b>27,174</b>	<b>14,522</b>
<b>Total equity and liabilities</b>	<b>138,995</b>	<b>123,224</b>	<b>58,768</b>	<b>40,886</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**

As at 31 Dec 2014 (\$'000)		As at 30 Jun 2014 (\$'000)	
Secured	Unsecured	Secured	Unsecured
34,004	–	28,161	–

**Amount repayable after one year**

As at 31 Dec 2014 (\$'000)		As at 30 Jun 2014 (\$'000)	
Secured	Unsecured	Secured	Unsecured
25,414	–	20,962	–

**Details of collateral**

The bank borrowings are secured by corporate guarantee by the Company, first charge on the Group's leasehold land and buildings, and legal mortgages on the Group's development properties. Finance leases are secured by charge over the leased assets.

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.**

<b>Consolidated Statement of Cash Flows</b>	<b>Group</b>	
	<b>Half Year Ended</b>	
	<b>\$'000</b>	
	<b>31 Dec 2014 (Unaudited)</b>	<b>31 Dec 2013 (Unaudited)</b>
<b><u>Cash flows from operating activities</u></b>		
Profit before tax	329	2,351
Adjustments for:		
Depreciation of property, plant and equipment	697	465
Gain on disposal of plant and equipment	(30)	–
Gain on disposal of investment in associated company	(78)	–
Interest expense	324	173
Interest income	(1)	(1)
Amortisation of intangible assets	261	328
Operating cash flows before changes in working capital	1,502	3,316
Changes in inventories	(1,876)	(1,807)
Changes in development properties	(758)	–
Changes in trade and other receivables	175	(3,338)
Changes in other assets	(1,627)	(61)
Changes in trade and other payables	(993)	2,865
Net cash flows (used in) / from operations before interest and tax	(3,577)	975
Income taxes paid	(114)	(254)
Net cash flows (used in) / from operating activities	(3,691)	721
<b><u>Cash flows from investing activities</u></b>		
Purchase of plant and equipment	(542)	(562)
Proceeds from disposal of plant and equipment	30	–
Proceeds from disposal of investment in associated company	121	–
Acquisition of subsidiaries, net of cash acquired – Note 1	(2,924)	–
Interest received	1	1
Net cash flows used in investing activities	(3,314)	(561)
<b><u>Cash flows from financing activities</u></b>		
Dividends paid to equity shareholders	(1,524)	(709)
Proceeds from bank borrowings	11,130	1,000
(Decrease) / Increase in other financial liabilities	(3,751)	884
Decrease in finance lease	(83)	(79)
Interest paid	(324)	(173)
Net cash flows from financing activities	5,448	923
Net (decrease) / increase in cash and cash equivalents	(1,557)	1,083
Cash and cash equivalents, beginning balance	15,800	5,057
Effects of currency translation on cash and cash equivalents	1	(2)
Cash and cash equivalents, ending balance – Note 2	14,244	6,138
<b><u>Note 1</u></b>		
Cash consideration *	3,514	–
Cash and cash equivalents acquired	(590)	–
Net outflow of cash and cash equivalents included in cash flows from investing activities	2,924	–
<b><u>Note 2</u></b>		
Cash and bank balances	14,257	6,163
Cash pledged for bank facilities	(13)	(25)
Cash and cash equivalents for statement of cash flows	14,244	6,138

\* In addition to cash consideration, the Company issued 42,857,143 shares of \$7.7 million being part of the purchase consideration for the acquisition of ECG Property Services Pte. Ltd.

**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.**

**Statements of Changes in Equity**

	Group (\$'000)				Total Equity
	Share Capital	Retained Earnings	Revaluation Reserve	Foreign Currency Translation Reserve	
Opening balance at 1 July 2014	24,352	14,959	20,824	(28)	60,107
<u>Movement in equity:</u>					
Issue of share capital	7,700	–	–	–	7,700
Total comprehensive income for the period	–	252	–	157	409
Transfer to retained earnings	–	124	(124)	–	–
Dividends paid	–	(1,524)	–	–	(1,524)
Closing balance at 31 December 2014	32,052	13,811	20,700	129	66,692
Opening balance at 1 July 2013	16,477	12,276	–	(24)	28,729
<u>Movement in equity:</u>					
Total comprehensive income for the period	–	1,935	–	(2)	1,933
Dividends paid	–	(709)	–	–	(709)
Closing balance at 31 December 2013	16,477	13,502	–	(26)	29,953

	Company ('\$000)		
	Share Capital	Retained Earnings	Total Equity
Opening balance at 1 July 2014	24,352	2,012	26,364
<u>Movement in equity:</u>			
Issue of share capital	7,700	–	7,700
Total comprehensive loss for the period	–	(946)	(946)
Dividends paid	–	(1,524)	(1,524)
Closing balance at 31 December 2014	32,052	(458)	31,594
Opening balance at 1 July 2013	16,477	1,583	18,060
<u>Movement in equity:</u>			
Total comprehensive loss for the period	–	(240)	(240)
Dividends paid	–	(709)	(709)
Closing balance at 31 December 2013	16,477	634	17,111

**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.**

<b>Issued and fully paid</b>	<b>Number of Ordinary Shares</b>	<b>Share Capital (\$'000)</b>
Balance as at 30 June 2014	190,467,471	24,352
Issue of shares in November 2014 (being partial payment for the acquisition of subsidiary)	42,857,143	7,700
<b>Balance as at 31 December 2014</b>	<b>233,324,614</b>	<b>32,052</b>

As at 31 December 2014 and 31 December 2013, 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.**

	<b>As at 31 Dec 2014</b>	<b>As at 30 Jun 2014</b>
Total number of issued shares (excluding treasury shares)	233,324,614	190,467,471

**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 2014.



5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

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 Dec 2014</b>	<b>Half Year ended 31 Dec 2013</b>
(i) Based on weighted average number of ordinary shares in issue (Cents)	0.13	1.64
Number of ordinary shares in issue	197,610,328	118,191,051
(ii) On a fully diluted basis (Cents)	0.13	1.64
Diluted number of ordinary shares in issue	197,610,328	118,191,051

Earnings per ordinary share for the half year ended 31 December 2013 has been adjusted for the effect of issuance of rights shares in FY2014.

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 Dec 2014</b>	<b>30 Jun 2014</b>	<b>31 Dec 2014</b>	<b>30 Jun 2014</b>
Net asset value per ordinary share	28.58	31.56	13.54	13.84
Number of shares in issue	233,324,614	190,467,471	233,324,614	190,467,471

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 increased by \$1.9 million or 6.8% to \$29.9 million in HY2015 from \$28.0 million in HY2014.

- Marine, Offshore Oil & Gas Segment revenue declined slightly by \$0.7 million or 2.4%, as the business climate softened towards November and December 2014, resulting in certain orders being pushed back due to the plunge in global crude oil prices.
- Revenue from the Property Development Segment contributed \$2.6 million to the Group's revenue in HY2015. This represents 6 months of revenue contribution from TIEC Holdings Pte. Ltd. ("TIEC") and 1 month of revenue contribution from the newly acquired ECG Property Services Pte. Ltd. ("ECG"). The Property Development Segment was set up in second half of FY2014.

#### *Gross profit*

Gross profit increased by \$0.6 million or 6.6% to \$9.5 million in HY2015 from \$8.9 million in HY2014.

- Marine, Offshore Oil & Gas Segment contributed gross profit of \$8.8 million to the Group in HY2015 as compared to \$8.9 million in HY2014. The Gross Profit Margin in HY2015 remained stable at 32.0%, similar to HY2014.
- Property Development Segment contributed gross profit of \$0.7 million to the Group in HY2015, representing a gross profit margin of 28.9%.

#### *Interest income*

The Group's interest income remained insignificant in HY2015.

#### *Other credits*

Other credits increased by less than \$0.2 million in HY2015, consisting mainly of gain on disposal of an associated company, gain on disposal of plant and equipment and sundry income.

#### *Distribution costs*

Distribution costs increased by \$0.3 million or 50.8% to \$0.9 million in HY2015 from \$0.6 million in HY2014. The increase is due to the following:

- Marine, Offshore Oil & Gas Segment incurred an increase of \$0.1 million in distribution costs as a result of an increase in participation in trade exhibitions and an increase in advertisement costs.
- Property Development Segment incurred distribution costs of \$0.2 million in HY2015. This includes travelling expenses relating to overseas business expansion activities.

#### *Administrative expenses*

Administrative expenses increased by \$1.5 million or 40.7% to \$5.1 million in HY2015 from \$3.6 million in HY2014. The increase is mainly due to the following:

- Legal and professional fees increased by \$0.4 million. The increase is mainly attributable to the Group's acquisition and overseas business expansion activities. The Group successfully completed the acquisition of ECG on 28 November 2014,

and of Liha Shipperservice B.V. and Store Rijnmond B.V. (collectively "Liha") on 31 December 2014. The joint venture agreement entered into with the Group's partner in Cambodia during HY2015 was subsequently completed in January 2015.

- Head office staff remuneration increased by \$0.1 million as a result of an increase in average salaries and an increase in head office headcount by 14.3%.
- Staff remuneration for the Marine, Offshore Oil & Gas Segment increased by \$0.2 million as a result of an increase in headcount by 12.9%.
- The Property Development Segment incurred administrative expenses of \$0.6 million in HY2015, which includes staff and director remuneration of \$0.3 million and administrative fees of \$0.2 million.

#### *Other operating expenses*

Other operating expenses increased by \$0.6 million or 37.1% to \$2.4 million in HY2015 from \$1.8 million in HY2014. The main contributors to this increase are:

- The Marine, Offshore Oil & Gas Segment's depreciation charge increased by \$0.3 million, mainly due to a revaluation of the Group's two warehouses in FY2014.
- The Marine, Offshore Oil & Gas Segment's staff welfare, benefits and training expense increased by \$0.1 million as a result of the increase in the segment's headcount.
- The Property Development Segment incurred other operating expenses of \$0.1 million in HY2015.

#### *Finance costs*

Finance costs increased by \$0.1 million or 87.3% to \$0.3 million in HY2015 from \$0.2 million in HY2014 due to an increase in borrowings in HY2015.

#### *Other charges*

Other charges increased by \$0.1 million or 39.1% to \$0.5 million in HY2015 from \$0.4 million in HY2014 arising from increase in foreign exchange translation losses of \$0.2 million, offset by decrease in amortisation charges of \$0.1 million.

#### *Income tax expense*

Income tax expense decreased by more than \$0.3 million or 81.5% to \$0.1 million in HY2015 from \$0.4 million in HY2014. This is mainly due to the \$2.0 million or 86.0% decline in profit before tax.

#### *Profit from continuing operations, net of tax*

The Group's profit from continuing operations, net of tax, decreased by \$1.7 million or 87.0% to \$0.2 million in HY2015 compared to \$1.9 million in HY2014.

### **Balance Sheet Review**

#### *Non-current assets*

Non-current assets increased by \$11.8 million or 27.9% to \$54.2 million from \$42.4 million as at 30 June 2014. The increase is mainly due to the following:

- Intangible assets increased by \$11.7 million. Based on preliminary purchase price allocation exercises in relation to the acquisition of ECG and Liha, the two transactions have given rise to intangible assets amounting to \$11.9 million. The increase is offset by amortisation of intangible assets of \$0.2 million.
- No material changes to property, plant and equipment. The Group acquired plant and equipment amounting to \$0.7 million. This is offset by depreciation of \$0.7 million.

### *Current assets*

Current assets increased by \$4.0 million or 5.0% to \$84.8 million from \$80.8 million as at 30 June 2014. The increase is due to the following:

- Inventories increased by \$2.1 million. Inventory turnover days (excluding the newly acquired ECG and Liha) in HY2015 increased to 226 days compared to 210 days in HY2014. This is due to customers delaying the delivery of certain orders originally scheduled around November and December 2014 to second half of FY2015.
- Other assets increased by \$1.8 million. The Group has exercised an option to purchase an industrial building in November 2014. Deposits relating to this industrial building amounted to \$1.5 million. The Group has also prepayments amounting to \$0.8 million in relation to architectural and other services for its projects in Cambodia. These have been partially offset by a decrease in prepayments to contractors to assemble the Group's reverse osmosis machines amounting to \$0.7 million.
- Trade and other receivables increased by \$0.9 million. Despite the increase, trade and other receivables turnover days (excluding the newly acquired ECG and Liha) remained stable at 100 days in HY2015 compared to 96 days in HY2014.
- Development properties increased by \$0.7 million as a result of the progress made in the Group's two development projects. The development properties located at Balestier Road is nearing completion while the development project located at 52 Elite Drive has commenced.
- Cash and cash equivalents decreased by \$1.5 million. Please refer to the "Cash Flows Review" section below for details.

### *Non-current liabilities*

Non-current liabilities increased by \$4.3 million or 16.7% to \$30.4 million from \$26.1 million as at 30 June 2014. The increase is due to the following:

- Other financial liabilities (non-current portion) increased by \$4.5 million. This increase is a result of the Group drawing down from its credit facilities in HY2015.
- Deferred tax liabilities decreased by \$0.1 million. The decrease relates to amortisation of intangible assets and depreciation of the Group's revalued properties.
- No material changes to finance leases (non-current portion). The Group's obtained a new finance lease, leading to an increase in non-current portion of finance leases of less than \$0.1 million. This is offset by repayment of finance leases of the same amount.

### *Current liabilities*

Current liabilities increased by \$4.9 million or 13.2% to \$41.9 million from \$37.0 million as at 30 June 2014. The increase is due to the following:

- Other financial liabilities (current portion) increased by \$5.8 million. This increase is mainly due to the Group drawing down from its credit facilities in HY2015. These include a term loan, a revolving credit facility, and construction loans.
- Trade and other payables decreased by \$0.9 million. Trade and other payables decreased by \$2.9 million due to repayment of advances from related parties, by another \$0.4 million due to payment of deferred cash consideration in relation to the acquisition of TEHO Water & Envirotec Pte. Ltd., and by a further \$0.3 million arising from a reduction in trade payables owing to suppliers in the Marine, Offshore Oil & Gas Segment. These decreases were offset by a \$2.0 million increase due to deferred cash consideration owing to the vendors of ECG, and a \$0.8 million increase arising from the acquisition of ECG.
- Finance leases (current portion) and income tax payable remained relatively unchanged compared to HY2014.

### *Shareholders' equity*

Shareholders' equity increased by \$6.6 million or 11.0% to \$66.7 million from \$60.1 million as at 30 June 2014. The increase is due to the following:

- Issue of share capital amounting to \$7.7 million. 42,857,143 shares were issued in November 2014 being part of the purchase consideration for the acquisition of ECG.
- Total comprehensive income for HY2015 amounting to \$0.4 million.
- Dividends paid of \$1.5 million.

### **Cash Flows Review**

#### *Cash flows from operating activities*

Operating cash inflows before changes in working capital was \$1.5 million in HY2015. Net cash outflow used in working capital was \$5.1 million due to the following:

- Cash used arising from an increase in inventories of \$1.9 million
- Cash used arising from an increase in development properties of \$0.8 million
- Cash used arising from an increase in other assets of \$1.6 million
- Cash used arising from a decrease in trade and other payables of \$1.0 million
- Cash inflows arising from a decrease in trade and other receivables of \$0.2 million

After deducting income taxes paid of \$0.1 million, net cash used in operating activities in HY2015 was \$3.7 million.

#### *Cash flows from investing activities*

Net cash used in investing activities in HY2015 was \$3.3 million, comprising the following:

- Cash used in the acquisition of ECG and Liha, totalling \$2.9 million
- Cash used for the purchase of plant and equipment amounting to \$0.5 million
- Proceeds from disposal of plant and equipment, and investment in associated company totalling \$0.1 million

#### *Cash flows from financing activities*

Net cash from financing activities in HY2015 was \$5.4 million, comprising the following (the amounts below do not add up due to rounding):

- Proceeds from bank borrowings amounting to \$11.1 million
- Dividends paid to shareholders of \$1.5 million
- Decrease in other financial liabilities and finance leases amounting to \$3.8 million
- Interest paid of \$0.3 million

As a result of the above, cash and cash equivalents decreased by \$1.6 million in HY2015. Cash and cash equivalents as at 31 December 2014 amounted to \$14.2 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's Marine, Offshore Oil & Gas Segment expects the industries in which it operates in to remain competitive. On 31 December 2014, the Group completed the acquisition of Liha as part of the efforts to strengthen the Group's core business. The acquisition will broaden the Group's product range and expand the Group's rope rigging and testing capacity. As the continuing instability in the Euro area and uncertainty over crude oil prices are expected to further compound the situation, the Group will continue to consolidate its operations and financial strengths in the Marine, Offshore Oil & Gas Segment.

In relation to the Property Development Segment, the Group has completed its joint venture agreement with its partner in Cambodia. Furthermore, TEHO Development (Cambodia) Pte. Ltd. ("TEHO Cambodia"), a wholly-owned subsidiary of the Group, has recently entered into a memorandum of understanding with Hotel Okura Co., Ltd. ("Okura") for the proposed appointment of Okura as the operator of a hotel that TEHO Cambodia will be constructing and owning, in TEHO Cambodia's iconic and luxurious project, The Bay. The hotel will bear the name The Okura Prestige Phnom Penh, the 5-star luxury category of Hotel Okura.

The Bay is an integrated development project with an estimated gross development value of more than US\$500 million consisting of The Okura Prestige Phnom Penh, upscale residential condominiums and retail space. These activities will underpin the Property Development Segment's revenue going forward.

**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**

No dividends were declared or recommended in the previous corresponding period.

**(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 dividend has been declared or recommended for the half year ended 31 December 2014.

**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 did not obtain a general mandate from shareholders for Interested Person Transactions.

**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 unaudited financial statements for half year ended 31 December 2014 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

10 February 2015