

**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 2015**

*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.**

Consolidated statement of profit or loss Half Year ended 31 December 2015	Group		Change %
	Half Year Ended		
	31 Dec 2015 Unaudited \$	31 Dec 2014 Unaudited \$	
<b>Revenue</b>	<b>27,133,822</b>	<b>29,907,889</b>	(9.3)
Cost of sales	(18,492,991)	(20,417,438)	(9.4)
<b>Gross profit</b>	<b>8,640,831</b>	<b>9,490,451</b>	(9.0)
Other income	844,732	207,123	307.8
Distribution expenses	(1,666,293)	(964,659)	72.7
Administrative expenses	(6,804,915)	(5,103,908)	33.3
Other operating expenses	(3,575,358)	(2,976,482)	20.1
<b>Results from operating activities</b>	<b>(2,561,003)</b>	<b>652,525</b>	n.m.
Finance income	1,587	1,325	19.8
Finance costs	(535,012)	(324,805)	64.7
<b>Net finance costs</b>	<b>(533,425)</b>	<b>(323,480)</b>	64.9
<b>(Loss) / Profit before tax</b>	<b>(3,094,428)</b>	<b>329,045</b>	n.m.
Tax credit / (expense)	44,616	(77,435)	n.m.
<b>(Loss) / Profit for the period</b>	<b>(3,049,812)</b>	<b>251,610</b>	n.m.
<b>(Loss) / Profit attributable to:</b>			
Owners of the Company	(3,035,354)	251,610	n.m.
Non-controlling interests	(14,458)	–	n.m.
<b>(Loss) / Profit for the period</b>	<b>(3,049,812)</b>	<b>251,610</b>	n.m.
<b>Earnings Per Share</b>			
Basic earnings per share (cents)	(1.30)	0.13	n.m.
Diluted earnings per share (cents)	(1.30)	0.13	n.m.

**Consolidated statement of comprehensive income**

Half Year ended 31 December 2015

	<b>Group</b>		<b>Change</b>
	<b>31 Dec 2015</b>	<b>31 Dec 2014</b>	
	<b>Unaudited</b>	<b>Unaudited</b>	
	<b>\$</b>	<b>\$</b>	<b>%</b>
<b>(Loss) / Profit for the period</b>	<b>(3,049,812)</b>	<b>251,610</b>	<b>n.m.</b>
<b>Other comprehensive income:</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Foreign currency translation differences, net of tax	1,285,014	157,255	717.2
<b>Other comprehensive income for the period, net of tax</b>	<b>1,285,014</b>	<b>157,255</b>	<b>717.2</b>
<b>Total comprehensive income for the period</b>	<b>(1,764,798)</b>	<b>408,865</b>	<b>n.m.</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	(2,883,789)	408,865	n.m.
Non-controlling interests	1,118,991	–	n.m.
<b>Total comprehensive income for the period</b>	<b>(1,764,798)</b>	<b>408,865</b>	<b>n.m.</b>

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

	<b>Group</b>		<b>Change</b>
	<b>31 Dec 2015</b>	<b>31 Dec 2014</b>	
	<b>Unaudited</b>	<b>Unaudited</b>	
	<b>\$</b>	<b>\$</b>	<b>%</b>
Allowance for impairment on trade receivables	125,127	22,724	450.6
Amortisation of intangible assets	262,611	260,500	0.8
Depreciation	958,291	697,355	37.4
Fair value gain on derivatives	(355,889)	–	n.m.
Foreign exchange translation (gain) / loss	(98,862)	282,068	n.m.
Gain on disposal of plant and equipment	(183,477)	(29,952)	512.6
Gain on disposal of investment in associated company	–	(78,456)	n.m.
Interest income	(1,587)	(1,325)	19.8
Interest expense	535,012	324,805	64.7
Over provision of tax in respect of prior years	331	–	n.m.

**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.**

**Statements of Financial Position as at 31 December 2015**

	Group		Company	
	31 Dec 2015	30 Jun 2015	31 Dec 2015	30 Jun 2015
	Unaudited \$	Audited \$	Unaudited \$	Audited \$
<b>Assets</b>				
Property, plant and equipment	26,845,904	38,774,123	145,548	166,725
Intangible assets	19,536,182	19,776,245	–	–
Investment in subsidiaries	–	–	31,163,176	31,163,176
Investment in associates	113,654	113,654	–	–
Other receivables	–	–	1,398,906	1,586,120
<b>Non-current assets</b>	<b>46,495,740</b>	<b>58,664,022</b>	<b>32,707,630</b>	<b>32,916,021</b>
Asset held for sale under FRS105	13,046,511	–	–	–
Inventories	22,978,380	23,483,329	–	–
Development properties	41,793,883	47,026,703	–	–
Trade and other receivables	16,623,622	17,524,767	32,491,263	28,488,235
Cash and cash equivalents	5,896,403	13,744,705	24,164	146,349
<b>Current assets</b>	<b>100,338,799</b>	<b>101,779,504</b>	<b>32,515,427</b>	<b>28,634,584</b>
<b>Total assets</b>	<b>146,834,539</b>	<b>160,443,526</b>	<b>65,223,057</b>	<b>61,550,605</b>
<b>Equity</b>				
Share capital	32,922,108	32,922,108	32,922,108	32,922,108
Other reserves	22,770,394	22,906,715	–	–
Retained earnings	3,796,021	6,484,524	(2,791,098)	(2,180,632)
<b>Equity attributable to owners of the Company</b>	<b>59,488,523</b>	<b>62,313,347</b>	<b>30,131,010</b>	<b>30,741,476</b>
Non-controlling interests	22,488,787	21,471,659	–	–
<b>Total equity</b>	<b>81,977,310</b>	<b>83,785,006</b>	<b>30,131,010</b>	<b>30,741,476</b>
<b>Liabilities</b>				
Loans and borrowings	20,090,994	28,505,005	–	–
Other payables	–	–	1,398,906	1,586,120
Deferred tax liabilities	5,352,541	5,457,028	–	–
<b>Non-current liabilities</b>	<b>25,443,535</b>	<b>33,962,033</b>	<b>1,398,906</b>	<b>1,586,120</b>
Liability associated with asset held for sale under FRS105	9,616,717	–	–	–
Loans and borrowings	23,055,538	34,028,399	–	–
Current tax liabilities	274,493	509,742	11,770	10,652
Trade and other payables	6,466,946	8,158,346	33,681,371	29,212,357
<b>Current liabilities</b>	<b>39,413,694</b>	<b>42,696,487</b>	<b>33,693,141</b>	<b>29,223,009</b>
<b>Total liabilities</b>	<b>64,857,229</b>	<b>76,658,520</b>	<b>35,092,047</b>	<b>30,809,129</b>
<b>Total equity and liabilities</b>	<b>146,834,539</b>	<b>160,443,526</b>	<b>65,223,057</b>	<b>61,550,605</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 2015		As at 30 Jun 2015	
Secured \$	Unsecured \$	Secured \$	Unsecured \$
32,672,255	–	34,028,399	–

**Amount repayable after one year**

As at 31 Dec 2015		As at 30 Jun 2015	
Secured \$	Unsecured \$	Secured \$	Unsecured \$
20,090,994	–	28,505,005	–

**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.**

**Consolidated Statement of Cash Flows  
Half Year ended 31 December 2015**

	<b>Group</b>	
	<b>31 Dec 2015</b>	<b>31 Dec 2014</b>
	<b>Unaudited</b>	<b>Unaudited</b>
	<b>\$</b>	<b>\$</b>
<b><u>Cash flows from operating activities</u></b>		
(Loss) / Profit before tax	(3,094,428)	329,045
Adjustments for:		
Depreciation of property, plant and equipment	958,291	697,355
Fair value gain on derivatives	(355,889)	–
Gain on disposal of plant and equipment	(183,477)	(29,952)
Gain on disposal of investment in associate	–	(78,000)
Net finance costs	655,340	323,480
Amortisation of intangible assets	262,611	260,500
Allowance for impairment on trade receivables, net	125,127	–
Operating cash flows before changes in working capital	<u>(1,632,425)</u>	<u>1,502,428</u>
Changes in:		
- Inventories	637,160	(1,875,696)
- Development properties <sup>(Note 1)</sup>	6,021,285	(757,810)
- Trade and other receivables	888,387	(1,452,472)
- Trade and other payables	995,381	(992,532)
Cash generated from / (used in) operations	<u>6,909,788</u>	<u>(3,576,082)</u>
Income taxes paid	(295,120)	(114,167)
Net cash flows from / (used in) operating activities	<u>6,614,668</u>	<u>(3,690,249)</u>
<b><u>Cash flows from investing activities</u></b>		
Acquisition of plant and equipment	(2,065,122)	(541,407)
Proceeds from disposal of plant and equipment	183,477	29,952
Proceeds from disposal of associates	–	121,250
Acquisition of subsidiaries, net of cash acquired <sup>(Note 2)</sup>	–	(2,924,570)
Payment of deferred consideration	(2,000,000)	–
Payment of contingent consideration	(78,924)	–
Interest received	1,587	1,325
Net cash flows used in investing activities	<u>(3,958,982)</u>	<u>(3,313,450)</u>

**Consolidated Statement of Cash Flows (continued)**  
**Half Year ended 31 December 2015**

	<b>Group</b>	
	<b>31 Dec 2015</b>	<b>31 Dec 2014</b>
	<b>Unaudited</b>	<b>Unaudited</b>
	<b>\$</b>	<b>\$</b>
<b><u>Cash flows from financing activities</u></b>		
Dividends paid to owners of the Company	–	(1,523,740)
Payment of finance lease liabilities	(90,450)	(84,403)
Acquisition of non-controlling interests	(101,863)	–
Proceeds from borrowings	3,296,958	11,130,438
Repayment of loans and borrowings	(12,692,869)	(3,751,074)
Net change in trust receipt borrowings	(278,860)	–
Interest paid	(656,927)	(324,805)
Net cash flows (used in) / from financing activities	<u>(10,524,011)</u>	<u>5,446,416</u>
Net decrease in cash and cash equivalents	(7,868,325)	(1,557,283)
Cash and cash equivalents	13,731,705	15,800,623
Effect of exchange rate fluctuations on cash held	20,023	519
Cash and cash equivalents at 31 Dec <sup>(Note 3)</sup>	<u>5,883,403</u>	<u>14,243,859</u>

**Note 1 – Significant non-cash transaction**

During the half year ended 31 December 2014, the non-controlling interest of a subsidiary contributed a piece of land in relation to “The Bay” project in Cambodia with a fair value of \$21,656,648. This has been included under development properties as at 31 December 2014 and 31 December 2015.

**Note 2 - Acquisition of subsidiary**

Cash consideration	3,514,304
Cash and cash equivalents acquired	<u>(589,734)</u>
Net outflow of cash and cash equivalents	<u>2,924,570</u>

**Note 3**

Cash and cash equivalents	5,896,403	14,256,859
Cash pledged for bank facilities	<u>(13,000)</u>	<u>(13,000)</u>
Cash and cash equivalents per consolidated statement of cash flows	<u>5,883,403</u>	<u>14,243,859</u>

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

	Attributable to owners of the Company					Non-controlling interests \$	Total equity \$
	Share capital \$	Revaluation reserve \$	Foreign currency translation reserve \$	Retained earnings \$	Total \$		
<b>Group</b>							
Balance at 1 July 2015	32,922,108	22,735,731	170,984	6,484,524	62,313,347	21,471,659	83,785,006
<b>Total comprehensive income for the period</b>							
Loss for the period	–	–	–	(3,035,354)	(3,035,354)	(14,458)	(3,049,812)
<b>Other comprehensive income</b>							
Foreign currency translation differences	–	–	151,565	–	151,565	1,133,449	1,285,014
<b>Total comprehensive income for the period</b>	–	–	151,565	(3,035,354)	(2,883,789)	1,118,991	(1,764,798)
<b>Changes in ownership interests in subsidiaries</b>							
Acquisition of non-controlling interests without a change in control	–	–	–	–	–	(101,863)	(101,863)
<b>Others</b>							
Transfer to retained earnings	–	(287,886)	–	287,886	–	–	–
Deferred tax income credited directly to equity	–	–	–	58,965	58,965	–	58,965
<b>Total others</b>	–	(287,886)	–	346,851	58,965	–	58,965
<b>Balance at 31 December 2015</b>	<b>32,922,108</b>	<b>22,447,845</b>	<b>322,549</b>	<b>3,796,021</b>	<b>59,488,523</b>	<b>22,488,787</b>	<b>81,977,310</b>



Statement of changes in equity

	Attributable to owners of the Company				Total \$	Non- controlling interests \$	Total equity \$
	Share capital \$	Revaluation reserve \$	Foreign currency translation reserve \$	Retained earnings \$			
<b>Group</b>							
Balance at 1 July 2014	24,352,108	20,823,593	(27,524)	14,958,887	60,107,064	–	60,107,064
<b>Total comprehensive income for the period</b>							
Profit for the period	–	–	–	251,610	251,610	–	251,610
<b>Other comprehensive income</b>							
Foreign currency translation differences	–	–	157,255	–	157,255	–	157,255
<b>Total comprehensive income for the period</b>	–	–	<b>157,255</b>	<b>251,610</b>	<b>408,865</b>	–	<b>408,865</b>
<b>Transactions with owners recognised directly in equity</b>							
Issue of share capital	7,700,000	–	–	–	7,700,000	–	7,700,000
Dividends paid	–	–	–	(1,523,740)	(1,523,740)	–	(1,523,740)
<b>Total transactions with owners</b>	<b>7,700,000</b>	–	–	<b>(1,523,740)</b>	<b>6,176,260</b>	–	<b>6,176,260</b>
<b>Others</b>							
Transfer to retained earnings	–	(123,848)	–	123,848	–	–	–
<b>Balance at 31 December 2014</b>	<b>32,052,108</b>	<b>20,699,745</b>	<b>129,731</b>	<b>13,810,605</b>	<b>66,692,189</b>	–	<b>66,692,189</b>

**Statement of changes in equity**

<b>Company</b>	<b>Share capital</b> <b>\$</b>	<b>Retained</b> <b>earnings</b> <b>\$</b>	<b>Total equity</b> <b>\$</b>
<b>Balance at 1 July 2015</b>	32,922,108	(2,180,632)	30,741,476
Total comprehensive income for the period	–	(610,466)	(610,466)
<b>Balance at 31 December 2015</b>	<b>32,922,108</b>	<b>(2,791,098)</b>	<b>30,131,010</b>
<b>Balance at 1 July 2014</b>	<b>24,352,108</b>	<b>2,011,725</b>	<b>26,363,833</b>
Total comprehensive income for the period	–	(946,260)	(946,260)
<b>Transactions with owners recognised</b> <b>directly in equity</b>			
Issue of share capital	7,700,000	–	7,700,000
Dividends paid	–	(1,523,740)	(1,523,740)
<b>Total transactions with owners</b>	<b>7,700,000</b>	<b>(1,523,740)</b>	<b>6,176,260</b>
<b>Balance at 31 December 2014</b>	<b>32,052,108</b>	<b>(458,275)</b>	<b>31,593,833</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 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.**

There was no change in the share capital of the Company since 30 June 2015 up to 31 December 2015. As at 30 June 2015 and 31 December 2015, the share capital of the company comprised 233,324,614 ordinary shares. As at 31 December 2015 and 31 December 2014, 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 2015</b>	<b>As at 30 Jun 2015</b>
Total number of issued shares (excluding treasury shares)	233,324,614	233,324,614

The Company did not have treasury shares as at 31 December 2015 and 30 June 2015.

**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. The Company did not have treasury shares during the current financial period reported on.

**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 2015.

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

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 2015 Unaudited</b>	<b>Half Year ended 31 Dec 2014 Unaudited</b>
(i) Based on weighted average number of ordinary shares in issue (cents)	(1.30)	0.13
Weighted average number of ordinary shares	233,324,614	197,610,328
(ii) On a fully diluted basis (cents)	(1.30)	0.13
Weighted average number of ordinary shares	233,324,614	197,610,328

The basic and diluted earnings per share of the Group were the same for both reporting periods as the Company did not have any potentially dilutive instruments.

**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 2015</b>	<b>30 Jun 2015</b>	<b>31 Dec 2015</b>	<b>30 Jun 2015</b>
Net asset value per ordinary share (cents)	25.50	26.71	12.91	13.18
Number of shares in issue	233,324,614	233,324,614	233,324,614	233,324,614

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 decreased by \$2.8 million or 9.3% to \$27.1 million for the financial period ended 31 December 2015 ("HY2016") from \$29.9 million for the financial period ended 31 December 2014 ("HY2015"). The decrease is mainly due to the following:

- Marine, Offshore Oil & Gas Segment revenue declined by \$2.4 million or 8.8%. The business climate remained soft due to the continued weakening in global crude oil prices.
- Revenue from the Property Development Segment contributed \$2.3 million to the Group's revenue in HY2016. This represents a decrease of \$0.3 million compared to HY2015. This decrease is mainly due to the recognition of revenue relating to the Urban Heritage project located at Balestier Road, Singapore that contributed revenue of \$1.9 million in HY2015. As the project has been completed, no further revenue is recognised in respect of the project in HY2016. The decrease was partially offset by ECG Property Services Pte. Ltd. ("ECG") which provided 6 months of revenue contribution in HY2016 compared to only 1 month of revenue contribution in HY2015 following the completion of its acquisition in November 2014.

#### *Gross profit*

Gross profit decreased by \$0.9 million or 9.0% to \$8.6 million in HY2016 from \$9.5 million in HY2015.

- Marine, Offshore Oil & Gas Segment contributed gross profit of \$8.1 million to the Group in HY2016 as compared to \$8.8 million in HY2015. The decrease is due to the soft business climate arising from the continued weakening in global crude oil prices. The Gross Profit Margin in HY2016 increased marginally to 32.5% compared to 32.0% in HY2015.
- Property Development Segment contributed gross profit of \$0.5 million to the Group in HY2016 as compared to \$0.7 million in HY2015. The decrease is due to the recognition of revenue relating to the Urban Heritage project located at Balestier Road, Singapore that contributed gross profit of \$0.5 million in HY2015. As the project has been completed, no further revenue and gross profit is recognised in respect of the project in HY2016. ECG provided 6 months of gross profit contribution in HY2016 compared to only 1 month of gross profit contribution in HY2015 following the completion of its acquisition in November 2014, offsetting the decrease in gross profits from projects. The Gross Profit Margin in HY2016 decreased marginally to 21.7% compared to 28.9% in HY2015.

Overall, the Group's Gross Profit Margin remained stable at 31.8% compared to 31.7% in HY2015.

#### *Other income*

Other income increased by \$0.6 million in HY2016, consisting mainly of fair value gain on derivatives, gain on disposal of plant and equipment, and foreign exchange translation gains.

### *Distribution expenses*

Distribution expenses increased by \$0.7 million or 72.7% to \$1.7 million in HY2016 from \$1.0 million in HY2015. The increase is mainly due to the Property Development Segment with distribution expenses incurred mainly on advertising, travelling and marketing costs for “The Bay” project in Cambodia.

### *Administrative expenses*

Administrative expenses increased by \$1.7 million or 33.3% to \$6.8 million in HY2016 from \$5.1 million in HY2015. The increase is mainly due to the following:

- Staff remuneration increased by \$2.1 million, of which \$0.9 million is attributable to the Marine, Offshore Oil & Gas Segment and \$1.2 million relates to the Property Development Segment. The Marine, Offshore Oil & Gas Segment’s average staff salaries has increased in HY2016, resulting in the \$0.9 million increase in staff remuneration. Staff remuneration for the Property Development Segment increased because ECG companies provided a 6-month contribution to the segment’s results in HY2016 as compared to a 1-month contribution in HY2015. In HY2016, the increased Property Development Segment staff remuneration is also attributable to an increase in head count due to the setting up of ECG Cambodia, a new subsidiary, and the expansion of the Taiwan Branch of ECG Property Services Pte. Ltd.
- Directors’ remuneration increased by \$0.2 million, of which \$0.1 million is attributable to the Marine, Offshore Oil & Gas Segment and \$0.1 million is attributable to the Property Development Segment.

The increase in administrative expenses is offset by the following:

- Legal and professional fees decreased by \$0.6 million. The decrease is mainly attributable to the absence of the legal and professional fees related to the Group’s acquisition and overseas business expansion activities which were incurred in HY2015.

### *Other operating expenses*

Other operating expenses increased by \$0.6 million or 20.1% to \$3.6 million in HY2016 from \$3.0 million in HY2015.

- The other operating expenses attributable to head office and the Marine, Offshore Oil & Gas Segment did not change significantly in HY2016 compared to HY2015. Depreciation expense for this segment increased marginally by \$0.1 million due to an upward revaluation of the segment’s leasehold property at the end of FY2015 (June 2015) and depreciation of plant and equipment acquired in FY2015. The increase in depreciation expense has been offset by decreases in other operating expenses.
- Property Development Segment’s other operating expenses increased by \$0.4 million mainly because the ECG companies provides a 6-month contribution to the segment’s results in HY2016 instead of only a 1-month contribution in HY2015. Out of the \$0.4 million increase, almost \$0.2 million is attributable to depreciation expense for the Property Development Segment.

### *Finance income*

The Group’s finance income, comprising mainly interest income, remained insignificant in HY2016.

### *Finance costs*

Finance costs increased by \$0.2 million or 64.7% to \$0.5 million in HY2016 from \$0.3 million in HY2015 due to an increase in interest rates on the Group’s borrowings in HY2016.

### *Income tax expense*

There was an income tax credit of \$44,616 in HY2016 compared to an income tax expense of \$77,435 in HY2015. The decrease in income tax expense is mainly due to the decline in results from operating activities from \$0.6 million in HY2015 to loss of \$2.6 million in HY2016. The income tax credits in HY2016 is attributable mainly to deferred tax income.

### *Total comprehensive income for the period*

The Group turned a loss for the period of \$3.0 million during HY2016, compared to a profit of \$0.2 million in HY2015. After accounting for foreign currency translation differences of \$1.3 million in HY2016, the total comprehensive loss for HY2016 is \$1.7 million, compared to a total comprehensive income of \$0.4 million in HY2015.

## **Balance Sheet Review**

### *Non-current assets*

Non-current assets decreased by \$12.2 million or 20.7% to \$46.5 million as at 31 December 2015 from \$58.7 million as at 30 June 2015. The decrease is mainly due to the following:

- Property, plant and equipment decreased by \$11.9 million. The Group has entered into an option agreement on 20 November 2015 to sell the property located at 47 Tuas Avenue 9, Singapore 639190. Following the exercise of the option on 4 December 2015, the carrying value of the property amounting to \$13.0 million has been reclassified as asset held for sale under FRS105. This is offset by an increase of \$1.1 million, comprising mainly a show room used by the Property Development Segment in Cambodia.
- No material changes to intangible assets. The slight decrease in intangible assets of \$0.3 million is due to amortisation charges for the period.

### *Current assets*

Current assets decreased by \$1.4 million or 1.4% to \$100.3 million as at 31 December 2015 from \$101.8 million as at 30 June 2015. The decrease is due to the following:

- Asset held for sale under FRS105 relates to the property located at 47 Tuas Avenue 9, Singapore 639190. The Group has entered into an option agreement on 20 November 2015 to sell the property. Following the exercise of the option on 4 December 2015, the carrying value of the property amounting to \$13.0 million has been reclassified as asset held for sale under FRS105. Before the reclassification, the carrying value of the property was included in property, plant and equipment.
- Inventories decreased marginally by \$0.5 million. Inventory turnover days in HY2016 increased to 249 days from 225 days in the financial year ended 30 June 2015 ("FY2015") even though inventories decreased marginally because the annualised cost of goods sold in HY2016 decreased compared to FY2015.
- Development properties decreased by \$5.2 million. This is mainly contributed by the completion of the Urban Heritage project located at Balestier Road, Singapore, resulting in a decrease of \$5.6 million, offset by costs incurred on the Elite Residences project located at Elite Terrace, Singapore.
- Trade and other receivables decreased by \$0.9 million. Trade and other receivables turnover days remained stable at 104 days in HY2016 compared to 100 days in HY2015 and 104 days in FY2015.
- Cash and cash equivalents decreased by \$7.8 million. Please refer to the "Cash Flows Review" section below for details.

### *Non-current liabilities*

Non-current liabilities decreased by \$8.5 million or 25.1% to \$25.4 million as at 31 December 2015 from \$34.0 million as at 30 June 2015. The decrease is due to the following:

- Loans and borrowings (non-current portion) decreased by \$8.5 million. Non-current portion of loans relates to the property classified as asset held for sale under FRS105 of S\$8.0 million was reclassified as current liabilities. The remaining decrease of \$0.5 million relates to the repayment of other loans and borrowings.
- Deferred tax liabilities decreased by \$0.1 million. The decrease relates to amortisation of intangible assets and depreciation of the Group's revalued properties.

#### *Current liabilities*

Current liabilities decreased by \$3.3 million or 7.7% to \$39.4 million as at 31 December 2015 from \$42.7 million as at 30 June 2015.

The decrease is due to the following:

- Loans and borrowings (current portion) decreased by \$10.9 million. This decrease is mainly due to the repayment of land loans and construction loans amounting to \$10.6 million and repayment of other loans and borrowings amounting to \$1.7 million, offset by a drawdown of working capital loans for the Property Development segment of \$3.0 million. The current portion of loan relating to the property classified as asset held for sale under FRS105 of \$1.6 million was reclassified as liability associated with asset held for sale under FRS105.
- Current tax liabilities decreased by \$0.2 million due to payments of these liabilities.

The decrease is offset by:

- Liability associated with asset held for sale under FRS105. This represents the loans relating to the property classified as asset held for sale under FRS105, which will be repaid after the completion of the disposal. This includes \$8.0 million of loans that was reclassified from non-current liabilities; and
- Trade and other payables decreased by \$1.7 million due to payment of deferred consideration of \$2.0 million in relation to the acquisition of ECG, offset by a slight increase of trade and other payables by \$0.3 million.

#### *Shareholders' equity*

Shareholders' equity decreased by \$1.8 million or 2.1% to \$82.0 million as at 31 December 2015 from \$83.8 million as at 30 June 2015. The decrease is mainly due to the following:

- Total comprehensive loss for HY2016 amounted to \$1.8 million.

### **Cash Flows Review**

#### *Cash flows from operating activities*

Operating cash outflows before changes in working capital was \$1.6 million in HY2016. Net cash inflows from working capital was \$8.5 million due to the following:

- Cash inflows arising from an increase in inventories of \$0.6 million
- Cash inflows arising from a decrease in development properties of \$6.0 million
- Cash inflows arising from a decrease in trade and other receivables of \$0.9 million
- Cash inflows arising from an increase in trade and other payables of \$1.0 million

After deducting income taxes paid of \$0.3 million, net cash from operating activities in HY2016 was \$6.6 million.

#### *Cash flows from investing activities*

Net cash used in investing activities in HY2016 was \$3.9 million, attributable to the following:

- Cash used for the acquisition of plant and equipment amounting to \$2.1 million
- Payment of deferred consideration of \$2.0 million



Partially offset by:

- Proceeds from disposal of plant and equipment of \$0.2 million

*Cash flows from financing activities*

Net cash used in financing activities in HY2016 was \$10.5 million, attributable to the following:

- Repayment of loans and borrowings amounting to \$12.7 million
- Acquisition of non-controlling interests of \$0.1 million
- Cash outflows due to net change in trust receipt borrowings and payment of finance lease liabilities totalling \$0.4 million
- Interest paid of \$0.6 million

Partially offset by:

- Proceeds from borrowings of \$3.3 million

As a result of the above, cash and cash equivalents decreased by \$7.9 million in HY2016. Cash and cash equivalents as at 31 December 2015 amounted to \$5.9 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's Marine, Offshore Oil & Gas segment expects the industries in which it operates in to remain challenging due to the prolonged weakness in oil price and the continuing uncertainty in the global economy.

Despite the challenging outlook, the Group's wholly-owned subsidiary in Europe has been experiencing growth in FY2015 and HY2016. Since breaking even in FY2015, the subsidiary is now contributing profits to the Marine, Offshore Oil & Gas segment. Thus, the Group will continue strengthening its business in Europe. The Marine, Offshore Oil & Gas segment's order book remains encouraging.

In relation to the Property Development segment, the Group expects challenging headwinds in Singapore's property landscape, due to lacklustre market momentum arising from cooling measures implemented by the Singapore government. Therefore, the Property Development segment will be focusing its efforts on its overseas projects.

The Group has recently obtained the necessary approval and construction permits from the relevant authorities for the iconic "The Bay" project in Cambodia. The Bay is an integrated development project consisting of a hotel (described below), upscale residential condominiums and retail space. With these, barring unforeseen circumstances, the Group expects to commence construction of the project soon.

Early February last year, the Group entered into a memorandum of understanding with Hotel Okura Co., Ltd ("Okura") for the proposed appointment of Okura as the operator of the hotel in The Bay (the "Hotel"). On 5 February this year, the Group has entered into a hotel management agreement (the "HMA") with Okura to engage Okura to provide technical services to the Group in the planning, furnishing and equipping of the Hotel, assist the Group in making and implementing plans for the pre-opening period, and manage and operate the Hotel. The Hotel will bear the name "The Okura Prestige Phnom Penh". The Group believes that the Hotel will be an attraction that will enhance the value of The Bay project and entice potential property buyers.

- 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 2015.
- 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 2015 to be false or misleading in any material aspect.
- 15. Confirmation that the issuer has procured undertakings from all of its directors and executive officers (in the format set out in Appendix 7H) under rule 720(1)**
- The Company confirms that it has procured undertakings from all of its directors and executive officers in the format set out in Appendix 7H of the Listing Manual.

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

12 February 2016