

**TEHO INTERNATIONAL INC LTD.**

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

**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT  
FOR THE YEAR ENDED 30 JUNE 2016**

*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  
Year ended 30 June 2016**

	Group		Change %
	2016 Unaudited \$	2015 Audited \$	
<b>Revenue</b>	<b>57,396,769</b>	<b>61,657,096</b>	(6.9)
Cost of sales	(39,499,040)	(42,988,456)	(8.1)
<b>Gross profit</b>	<b>17,897,729</b>	<b>18,668,640</b>	(4.1)
Other income	2,986,628	819,999	264.2
Distribution expenses	(3,254,445)	(2,865,148)	13.6
Administrative expenses	(14,137,287)	(12,168,042)	16.2
Other operating expenses <sup>(Note 1)</sup>	(25,839,585)	(11,044,763)	134.0
<b>Results from operating activities</b>	<b>(22,346,960)</b>	<b>(6,589,314)</b>	239.1
Finance income	7,038	2,741	156.8
Finance costs	(1,321,650)	(818,716)	61.4
<b>Net finance costs</b>	<b>(1,314,612)</b>	<b>(815,975)</b>	61.1
Share of loss from associates	–	(51,212)	n.m.
<b>Loss before tax</b> <sup>(Note 2)</sup>	<b>(23,661,572)</b>	<b>(7,456,501)</b>	217.3
Tax expense	(168,085)	(232,146)	(27.6)
<b>Loss for the year</b>	<b>(23,829,657)</b>	<b>(7,688,647)</b>	209.9
<b>Loss attributable to:</b>			
Owners of the Company	(23,815,199)	(7,618,050)	212.6
Non-controlling interests	(14,458)	(70,597)	(79.5)
<b>Loss for the year</b>	<b>(23,829,657)</b>	<b>(7,688,647)</b>	209.9
<b>Loss per share</b>			
Basic and diluted (cents)	(10.21)	(3.54)	188.4

**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 comprehensive income  
Year ended 30 June 2016**

	Group		Change %
	2016 Unaudited \$	2015 Audited \$	
<b>Loss for the year</b>	<b>(23,829,657)</b>	<b>(7,688,647)</b>	209.9
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Gains on property revaluation, net of tax	–	2,466,102	n.m.
<b>Items that are or may be reclassified to profit or loss:</b>			
Foreign currency translation differences, net of tax	137,779	(99,646)	n.m.
<b>Other comprehensive income for the year, net of tax</b>	<b>137,779</b>	<b>2,366,456</b>	(94.2)
<b>Total comprehensive income for the year</b>	<b>(23,691,878)</b>	<b>(5,322,191)</b>	345.2
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	(23,888,471)	(4,953,440)	382.3
Non-controlling interests	196,593	(368,751)	n.m.
<b>Total comprehensive income for the year</b>	<b>(23,691,878)</b>	<b>(5,322,191)</b>	345.2

**Notes to the consolidated statement of profit or loss and consolidated statement of comprehensive income**

<b>Note 1:</b>	2016 \$	2015 \$	Change %
Other operating expenses:			
Non-recurring expenses (impairment loss on goodwill, property, plant and equipment, and investment in associates)	18,682,249	3,050,781	512.4
Other expenses	7,157,336	7,993,982	(10.5)
<b>Total other operating expenses</b>	<b>25,839,585</b>	<b>11,044,763</b>	134.0

**Note 2:**

The underlying profit before tax for FY2016 is shown below:

Loss before tax	(23,661,572)
Impairment losses on goodwill, property, plant and equipment, and investment in associates	18,682,249
	(4,979,323)
Realised revaluation reserve upon completion of disposal of property at 47 Tuas Avenue 9	9,734,979
<b>Underlying profit before tax</b>	<b>4,755,656</b>

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

	Group		
	2016	2015	Change
	Unaudited	Audited	
	\$	\$	%
Allowance for impairment on trade receivables, net	(228,246)	(464,728)	(50.9)
Allowance for foreseeable loss on development properties	(74,300)	(788,108)	(90.6)
Amortisation of intangible assets	(521,000)	(521,000)	n.m.
Audit fees paid to:			
- auditors of the company	(254,951)	(246,000)	3.6
- other auditors	(51,654)	(15,718)	228.6
Bad debts written off	(213,836)	-	n.m.
Depreciation	(1,716,870)	(1,560,991)	10.0
Fair value gain on derivatives	319,477	16,283	1,862.0
Foreign exchange losses, net	(46,752)	(758,293)	(93.8)
Gain on disposal of property, plant and equipment	1,449,790	40,830	3,450.8
Impairment loss on goodwill	(16,931,227)	(2,209,048)	666.4
Impairment loss on investment in associates	(113,654)	(53,625)	111.9
Impairment loss on property, plant and equipment	(1,637,368)	-	n.m.
Loss on disposal of an associate	-	(8,636)	n.m.
Land rental	(451,888)	(278,730)	62.1
Net fair value gain on contingent consideration payable	-	194,076	n.m.
Non-audit fees paid to:			
- auditors of the company	(28,150)	(19,500)	44.4
- other auditors	-	-	-
Operating lease expenses	(1,226,046)	(1,024,328)	19.7
Over / (Under) provision of tax in respect of prior years	98,347	(47,147)	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 30 June 2016**

	Group		Company	
	30 June 2016 Unaudited \$	30 June 2015 Audited \$	30 June 2016 Unaudited \$	30 June 2015 Audited \$
<b>Assets</b>				
Property, plant and equipment	24,241,153	38,774,123	128,548	166,725
Intangible assets	2,324,018	19,776,245	–	–
Investment in subsidiaries	–	–	25,315,814	31,163,176
Investment in associates	–	113,654	–	–
Other receivables	–	–	1,205,792	1,586,120
<b>Non-current assets</b>	<b>26,565,171</b>	<b>58,664,022</b>	<b>26,650,154</b>	<b>32,916,021</b>
Inventories	22,057,845	23,483,329	–	–
Development properties	45,175,070	47,026,703	–	–
Trade and other receivables	16,278,109	17,524,767	21,336,937	28,488,235
Cash and cash equivalents	7,795,289	13,744,705	307,646	146,349
<b>Current assets</b>	<b>91,306,313</b>	<b>101,779,504</b>	<b>21,644,583</b>	<b>28,634,584</b>
<b>Total assets</b>	<b>117,871,484</b>	<b>160,443,526</b>	<b>48,294,737</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	12,637,220	22,906,715	–	–
(Accumulated losses)/ Retained earnings	(5,046,069)	6,484,524	(23,569,946)	(2,180,632)
<b>Equity attributable to owners of the Company</b>	<b>40,513,259</b>	<b>62,313,347</b>	<b>9,352,162</b>	<b>30,741,476</b>
Non-controlling interests	21,566,389	21,471,659	–	–
<b>Total equity</b>	<b>62,079,648</b>	<b>83,785,006</b>	<b>9,352,162</b>	<b>30,741,476</b>
<b>Liabilities</b>				
Loans and borrowings	21,226,900	28,505,005	–	–
Other payables	–	–	1,205,792	1,586,120
Deferred tax liabilities	2,599,208	5,457,028	–	–
<b>Non-current liabilities</b>	<b>23,826,108</b>	<b>33,962,033</b>	<b>1,205,792</b>	<b>1,586,120</b>
Loans and borrowings	22,473,816	34,028,399	–	–
Current tax liabilities	939,663	509,742	5,607	10,652
Trade and other payables	8,552,249	8,158,346	37,731,176	29,212,357
<b>Current liabilities</b>	<b>31,965,728</b>	<b>42,696,487</b>	<b>37,736,783</b>	<b>29,223,009</b>
<b>Total liabilities</b>	<b>55,791,836</b>	<b>76,658,520</b>	<b>38,942,575</b>	<b>30,809,129</b>
<b>Total equity and liabilities</b>	<b>117,871,484</b>	<b>160,443,526</b>	<b>48,294,737</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 30 June 2016 (\$)		As at 30 June 2015 (\$)	
Secured	Unsecured	Secured	Unsecured
22,473,816	–	34,028,399	–

**Amount repayable after one year**

As at 30 June 2016 (\$)		As at 30 June 2015 (\$)	
Secured	Unsecured	Secured	Unsecured
21,226,900	–	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  
Year ended 30 June 2016**

	Group	
	2016 Unaudited \$	2015 Audited \$
<b><u>Cash flows from operating activities</u></b>		
Loss before tax	(23,661,572)	(7,456,501)
Adjustments for:		
Allowance for impairment on trade receivables, net	228,246	464,728
Allowance for foreseeable loss on development properties	74,300	788,108
Amortisation of intangible assets	521,000	521,000
Bad debts written off	213,836	–
Depreciation	1,716,870	1,560,991
Fair value gain on derivatives	(319,477)	(16,283)
Gain on disposal of plant and equipment	(1,449,790)	(40,830)
Impairment loss on investment in associates	113,654	53,625
Impairment loss on goodwill	16,931,227	2,209,048
Impairment loss on property, plant and equipment	1,637,368	–
Loss on disposal of an associate	–	8,636
Net fair value gain on contingent consideration payable	–	(194,076)
Net finance costs	1,314,612	815,975
Share of loss from associates, net of tax	–	51,212
Operating cash flows before changes in working capital	<u>(2,679,726)</u>	<u>(1,234,367)</u>
Changes in:		
Inventories	1,436,965	(2,144,122)
Development properties <sup>(Note 1)</sup>	2,126,387	1,070,672
Trade and other receivables	1,052,513	1,240,733
Trade and other payables	<u>2,817,247</u>	<u>374,771</u>
Cash generated from / (used in) operations	4,753,386	(692,313)
Tax paid	<u>(507,601)</u>	<u>(588,118)</u>
Net cash from / (used in) operating activities	<u>4,245,785</u>	<u>(1,280,431)</u>
<b><u>Cash flows from investing activities</u></b>		
Acquisition of property, plant and equipment <sup>(Note 2)</sup>	(2,007,733)	(2,239,772)
Acquisition of subsidiary, net of cash acquired <sup>(Note 3)</sup>	–	(2,923,986)
Payment of contingent consideration	(78,924)	(450,000)
Payment of deferred consideration	(2,000,000)	–
Interest received	7,038	2,741
Proceeds from disposal of plant and equipment	14,642,463	47,732
Proceeds from disposal of an associate	–	121,250
Net cash from / (used in) investing activities	<u>10,562,844</u>	<u>(5,442,035)</u>

**Consolidated Statement of Cash Flows (continued)**  
**Year ended 30 June 2016**

	Group	
	2016 Unaudited \$	2015 Audited \$
<b><u>Cash flows from financing activities</u></b>		
Acquisition of non-controlling interests	(101,863)	–
Contributions from non-controlling interests	–	183,762
Dividends paid to owners of the Company	–	(1,523,740)
Interest paid	(1,603,451)	(1,679,104)
Payment of finance lease liabilities	(140,414)	(173,030)
Proceeds from loans and borrowings	20,731,529	15,647,902
Repayment of loans from directors of a subsidiary	–	(2,914,459)
Repayment of loans and borrowings	(39,602,449)	(5,109,379)
Net cash (used in) / from financing activities	<u>(20,716,648)</u>	<u>4,431,952</u>
Net decrease in cash and cash equivalents	(5,908,019)	(2,290,514)
Cash and cash equivalents at beginning of the year	13,731,705	15,800,623
Effect of exchange rate fluctuations on cash held	(41,397)	221,596
Cash and cash equivalents at end of the year <sup>(Note 3)</sup>	<u>7,782,289</u>	<u>13,731,705</u>
 <b><u>Note 1</u></b>		
During financial year ended 30 June 2015, a non-controlling interest of a subsidiary contributed a piece of land in relation to “The Bay” project with a fair value of \$21,656,648. This has been included within the Group’s development properties as at 30 June 2015 and 30 June 2016.		
 <b><u>Note 2</u></b>		
Additions of property, plant and equipment	2,007,733	5,381,412
Funded by bank loans	–	(3,141,640)
Cash used in acquisition of property, plant and equipment	<u>2,007,733</u>	<u>2,239,772</u>
 <b><u>Note 3</u></b>		
Cash consideration	–	3,514,304
Cash and cash equivalents acquired	–	(590,318)
Net outflow of cash and cash equivalent included in cash flows from investing activities	<u>–</u>	<u>2,923,986</u>
 <b><u>Note 4</u></b>		
Cash and cash equivalents	7,795,289	13,744,705
Cash pledged for bank facilities	(13,000)	(13,000)
Cash and cash equivalents at 30 June	<u>7,782,289</u>	<u>13,731,705</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				Total \$	Non- controlling interests \$	Total equity \$
	Share capital \$	Foreign currency translation reserve \$	Revaluation reserve \$	Retained earnings/ (Accumulated losses) \$			
<b>Group</b>							
<b>At 1 July 2015</b>	<b>32,922,108</b>	<b>170,984</b>	<b>22,735,731</b>	<b>6,484,524</b>	<b>62,313,347</b>	<b>21,471,659</b>	<b>83,785,006</b>
<b>Total comprehensive income for the year</b>							
Loss for the year	–	–	–	(23,815,199)	(23,815,199)	(14,458)	(23,829,657)
Disposal of property, plant and equipment	–	–	(9,734,979)	9,734,979	–	–	–
Foreign currency translation differences	–	(73,272)	–	–	(73,272)	211,051	137,779
<b>Total comprehensive income for the year</b>	<b>–</b>	<b>(73,272)</b>	<b>(9,734,979)</b>	<b>(14,080,220)</b>	<b>(23,888,471)</b>	<b>196,593</b>	<b>(23,691,878)</b>
<b>Others</b>							
Transfer to retained earnings	–	–	(461,244)	461,244	–	–	–
Deferred tax income credited directly to equity	–	–	–	2,088,383	2,088,383	–	2,088,383
<b>Total others</b>	<b>–</b>	<b>–</b>	<b>(461,244)</b>	<b>2,549,627</b>	<b>2,088,383</b>	<b>–</b>	<b>2,088,383</b>
<b>Changes in ownership interests in subsidiaries</b>							
Acquisition of non-controlling interests without a change in control	–	–	–	–	–	(101,863)	(101,863)
<b>At 30 June 2016</b>	<b>32,922,108</b>	<b>97,712</b>	<b>12,539,508</b>	<b>(5,046,069)</b>	<b>40,513,259</b>	<b>21,566,389</b>	<b>62,079,648</b>

Statement of changes in equity

	Attributable to owners of the Company				Total \$	Non- controlling interests	Total equity
	Share capital \$	Foreign currency translation reserve \$	Revaluation reserve \$	Retained earnings \$			
<b>Group</b>							
<b>At 1 July 2014</b>	<b>24,352,108</b>	<b>(27,524)</b>	<b>20,823,593</b>	<b>14,958,886</b>	<b>60,107,063</b>	<b>–</b>	<b>60,107,063</b>
<b>Total comprehensive income for the year</b>							
Loss for the year	–	–	–	(7,618,050)	(7,618,050)	(70,597)	(7,688,647)
Gain on property revaluation, net of tax	–	–	2,466,102	–	2,466,102	–	2,466,102
Foreign currency translation differences	–	198,508	–	–	198,508	(298,154)	(99,646)
<b>Total comprehensive income for the year</b>	<b>–</b>	<b>198,508</b>	<b>2,466,102</b>	<b>(7,618,050)</b>	<b>(4,953,440)</b>	<b>(368,751)</b>	<b>(5,322,191)</b>
<b>Transactions with owners, recognised directly in equity</b>							
<b>Contribution by and distributions to owners</b>							
Issue of share capital	8,570,000	–	–	–	8,570,000	–	8,570,000
Capital contribution by non-controlling interests	–	–	–	–	–	21,840,410	21,840,410
Dividends paid	–	–	–	(1,523,740)	(1,523,740)	–	(1,523,740)
<b>Total transactions with owners</b>	<b>8,570,000</b>	<b>–</b>	<b>–</b>	<b>(1,523,740)</b>	<b>7,046,260</b>	<b>21,840,410</b>	<b>28,886,670</b>
<b>Others</b>							
Transfer to retained earnings	–	–	(553,964)	553,964	–	–	–
Deferred tax income credited directly to equity	–	–	–	113,464	113,464	–	113,464
<b>Total others</b>	<b>–</b>	<b>–</b>	<b>(553,964)</b>	<b>667,428</b>	<b>113,464</b>	<b>–</b>	<b>113,464</b>
<b>At 30 June 2015</b>	<b>32,922,108</b>	<b>170,984</b>	<b>22,735,731</b>	<b>6,484,524</b>	<b>62,313,347</b>	<b>21,471,659</b>	<b>83,785,006</b>

**Statement of changes in equity**

<b>Company</b>	<b>Share capital \$</b>	<b>(Accumulated losses)/ Retained earnings \$</b>	<b>Total equity \$</b>
<b>At 1 July 2015</b>	<b>32,922,108</b>	<b>(2,180,632)</b>	<b>30,741,476</b>
Total comprehensive income for the year	–	(21,389,314)	(21,389,314)
<b>At 30 June 2016</b>	<b>32,922,108</b>	<b>(23,569,946)</b>	<b>9,352,162</b>
<b>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 year	–	(2,668,617)	(2,668,617)
<b>Transactions with owners recognised directly in equity</b>			
Issue of share capital	8,570,000	–	8,570,000
Dividends paid	–	(1,523,740)	(1,523,740)
<b>Total transactions with owners</b>	<b>8,570,000</b>	<b>(1,523,740)</b>	<b>7,046,260</b>
<b>At 30 June 2015</b>	<b>32,922,108</b>	<b>(2,180,632)</b>	<b>30,741,476</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 31 December 2015 up to 30 June 2016. As at 31 December 2015 and 30 June 2016, the share capital of the company comprised 233,324,614 ordinary shares. As at 30 June 2016 and 30 June 2015, 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 30 June 2016</b>	<b>As at 30 June 2015</b>
Total number of issued shares (excluding treasury shares)	233,324,614	233,324,614

The Company did not have any treasury shares as at 30 June 2016 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 any 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 accounting policies adopted and methods of computation in the preparation of the financial statements are consistent with those of the audited financial statements as at 30 June 2015 except in the current financial year, the Group has adopted all the new and revised standards and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 July 2015. The adoption of these standards and interpretations did not have any material effect on the financial performance or position of the Group.

**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 year based on profit attributable to owners of the parent, net of tax:

	<b>Group</b>	
	<b>Year ended 30 June 2016 Unaudited</b>	<b>Year ended 30 June 2015 Audited</b>
(i) Based on weighted average number of ordinary shares in issue (Cents) Weighted average number of ordinary shares	(10.21) 233,324,614	(3.54) 215,467,471
(ii) On a fully diluted basis (Cents) Diluted weighted average number of ordinary shares	(10.21) 233,324,614	(3.54) 215,467,471

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>30 June 2016</b>	<b>30 June 2015</b>	<b>30 June 2016</b>	<b>30 June 2015</b>
Net asset value per ordinary share (cents)	17.36	26.71	4.01	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*

The Group's revenue for the financial year ended 30 June 2016 ("FY2016") of \$57.4 million was a decrease of \$4.3 million or 6.9%, from \$61.7 million for the financial year ended 30 June 2015 ("FY2015"). Revenue contribution from the Marine, Offshore Oil & Gas segment declined by \$3.3 million to \$52.3 million in FY2016 compared to \$55.6 million in FY2015. The decline was mainly due to the negative impact of crude oil prices on customers in the offshore oil & gas industry.

Revenue contribution from the Property Development segment declined by \$0.9 million or 15.0%, from \$6.0 million in FY2015 to \$5.1 million in FY2016.

- TIEC Holdings Pte. Ltd. ("TIEC") contributed revenue of \$0.9 million arising from the sale of a completed unit of the Urban Heritage development project.
- ECG Property Services Pte. Ltd. ("ECG") and its subsidiaries contributed the remaining revenue of \$4.2 million.

The decline was mainly due to reduced revenue contribution from TIEC in FY2016 as compared to FY2015. This is expected because the Singapore private residential property market remained subdued during FY2016.

Revenue from Singapore remained the highest geographical segment, 65.8% of the Group's revenue in FY2016, compared to 69.0% in FY2015. The decrease in revenue from Singapore was mainly due to a decline in revenue from the offshore oil & gas industry resulting from the drop in crude oil prices.

#### *Gross profit*

The overall gross profit in FY2016 decreased slightly by \$0.8 million or 3.9% to \$17.9 million in FY2016 from \$18.7 million in FY2015. The Group's gross profit margin improved by 0.9 percentage points to 31.2% in FY2016 compared to 30.3% in FY2015.

- The Marine, Offshore Oil & Gas segment contributed gross profit of \$17.0 million to the Group in FY2016 as compared to \$17.5 million in FY2015. The gross profit margin in FY2016 was 32.4%, slightly higher than the gross profit margin of 31.4% in FY2015. The increase in gross profit margin was attributable to the segment's reverse osmosis machine business which has a strategy of preserving its margins by providing higher quality products to customers and avoiding competition with lower cost producers.
- The Property Development segment contributed gross profit of \$0.9 million to the Group in FY2016 as compared to \$1.2 million in FY2015, representing a gross profit margin of 18.5% and 19.7% respectively. The decrease in gross profit margin was due to TIEC's. However, this was partially offset by an improvement in gross profit margin due to the valuation consultancy business which increased its contribution to the segment's gross profit in FY2016.

#### *Other income*

Other income increased by \$2.2 million from \$0.8 million in FY2015 to \$3.0 million in FY2016. The increase is mainly due to the following (the amounts below do not add up due to rounding):

- The Group recorded a gain on disposal of property, plant and equipment of \$1.5 million, mainly arising from the disposal of one of the Marine, Offshore Oil & Gas segment's property at 47 Tuas Avenue 9.
- Fair value gain on derivatives increased by \$0.3 million.
- Grants received increased by \$0.1 million.
- Foreign exchange gains increased by \$0.2 million.

*Other items of expense*

Distribution expenses increased by \$0.4 million or 13.6% in FY2016 to \$3.3 million from \$2.9 million in FY2015. The increase is mainly due to the following:

- The Marine, Offshore Oil & Gas segment incurred an increase of \$0.2 million in distribution costs mainly as a result of an increase in commission expenses, handling charges and delivery expenses.
- The Property Development segment's distribution costs increased by \$0.2 million in FY2016 mainly due to an increase in air fares and accommodation costs, exhibition expenses and commission expenses.

Administrative expenses increased by \$1.9 million or 16.2% from \$12.2 million in FY2015 to \$14.1 million in FY2016. The increase is mainly due to:

- The Marine, Offshore Oil & Gas segment's administrative expenses increased by \$1.4 million. Director and staff remuneration increased by \$1.1 million as a result of an increase in headcount and an increase in average salaries pay-out. The segment also incurred professional fees and agent commission relating to the disposal of its leasehold property at 47 Tuas Avenue 9 amounting to \$0.3 million.
- The Property Development segment's administrative expenses increased by \$1.4 million mainly because ECG contributed seven months of expenses to the results in FY2015, whereas in FY2016, ECG contributed twelve months of expenses. The Property Development segment's administrative expenses of \$4.0 million in FY2016 consists mainly of director and staff remuneration of \$3.5 million, and legal and professional fees of \$0.2 million.

The increase was partially offset by:

- Legal and professional fees incurred by the Group's head office reduced by \$0.9 million. In FY2015, the Group had incurred legal and professional fees relating to the acquisition and exploration of business opportunities in the region, including the acquisition of ECG on 28 November 2014, and of "Liha" Shipperservice B.V. and Store Rijnmond B.V. on 31 December 2014. The Group did not incur legal and professional fees relating to acquisitions in FY2016.

Other operating expenses increased by \$14.8 million from \$11.0 million in FY2015 to \$25.8 million in FY2016. The increase of \$13.8 million in other operating expenses is attributable to the Property Development segment, arising from the newly acquired subsidiaries of ECG in HY2015 which now contributes to the full twelve months of expenses. The increase was mainly due to the following:

- Impairment loss in respect of goodwill attributable to ECG, goodwill attributable to property development projects in Singapore, and property, plant and equipment amounted to \$16.4 million, representing an increase of \$13.6 million compared to the impairment loss on goodwill and fair value of development properties of \$2.8 million incurred by the Property Development segment in FY2015. In the best interests of the Group's "The Bay" project, and having considered the market conditions in Phnom Penh and other factors, the Group and its joint venture partner have decided to put on hold the residential development phase of the project. The Group is currently working together with its joint venture partner in assessing the market changes and repositioning the development project. This has resulted in the impairment loss in respect of goodwill attributable to ECG.

The remaining \$1.0 million increase in other operating expenses is attributable to the Marine, Offshore Oil & Gas segment:

- Impairment loss in respect of goodwill and investment in associate attributable to the Marine, Offshore Oil & Gas segment's subsidiaries in Singapore amounted to \$2.3 million.

Due to the negative impact of crude oil prices on the outlook of the offshore oil & gas industry, the projected cash flows to be derived from the subsidiaries in the Marine, Offshore Oil & Gas segment was affected unfavourably, thus, resulting in the impairment loss.

The increase was partially offset by:

- Foreign exchange losses decreased by \$1.2 million.

Other operating expenses also include the following:

- Bad debts written off amounting to \$0.2 million relate to the Property Development segment.
- Land rental amounting to \$0.5 million in FY2016 represents an increase of \$0.2 million from \$0.3 million in FY2015. The increase is mainly attributable to expenses incurred to rent a parcel of land in Cambodia to be used to build a show flat for “The Bay” project.
- Operating lease expenses amounting to \$1.2 million in FY2016 represents an increase of \$0.2 million from \$1.0 million in FY2015. The increase is mainly attributable to rental of additional storage and logistics facilities for the Marine, Offshore Oil & Gas segment.

Finance costs increased by \$0.5 million from \$0.8 million in FY2015 to \$1.3 million in FY2016, even though loans and borrowings decreased by \$18.8 million from \$62.5 million in FY2015 to \$43.7 million in FY2016. The Group redeemed loans with outstanding amounts totalling \$10.5 million as at 30 June 2015, at the end of March 2016 following the Group’s disposal of its leasehold property at 47 Tuas Avenue 9. Thus, the effect of reduction in finance costs arising from the redemption of these loans was for a period of only 3 months in FY2016. As a result of the redemption of these loans, the Group also incurred a loan prepayment fee of \$0.1 million that was recognised as finance cost. In addition, short-term interest rates have increased during the financial year.

#### *Income tax expense*

In FY2016, the Group recorded an income tax expense of \$0.2 million, similar to that incurred in FY2015.

#### *Loss for the year*

The Group recorded a loss for the year of \$23.8 million for FY2016 as compared to a loss of \$7.7 million in FY2015.

- The Marine, Offshore Oil & Gas segment showed a profit before tax of \$18,320. Due to the prolonged weakness in oil prices and its impact on the industry, impairment charges incurred amounted to \$2.3 million. Excluding the effects of these impairment charges of \$2.3 million and adding back the amount of revaluation reserve transferred to retained earnings upon disposal of the property at 47 Tuas Avenue 9 amounting to \$9.7 million, the Marine, Offshore Oil & Gas segment would have an underlying profit of \$12.0 million; and
- The Property Development segment incurred loss before tax of \$22.8 million. Faced with unfavourable macro-economic outlook in the condominium sector in Phnom Penh and the lackluster property market landscape in Singapore, the Group incurred impairment charges amounting to \$16.4 million. Excluding the effects of these impairment charges of \$16.4 million, the Property Development Segment would have an underlying loss of \$6.4 million.

Combining the underlying profit before tax of \$12.0 million for the Marine, Offshore Oil & Gas segment, underlying loss before tax of \$6.4 million for the Property Development segment, and the unallocated head office expenses of \$0.9 million, the underlying profit before tax of the Group is \$4.7 million.



## **Balance Sheet Review**

### *Non-current assets*

Non-current assets decreased by \$32.1 million or 54.7% to \$26.6 million as at 30 June 2016 from \$58.7 million as at 30 June 2015. The decrease is mainly due to the following:

- Intangible assets decreased by \$17.5 million due to amortisation and impairment charges.
- Property, plant and equipment decreased by \$14.5 million, mainly due to the disposal of the Group's leasehold property at 47 Tuas Avenue 9, which had a carrying amount of \$13.2 million as at 30 June 2015.
- Investment in associates decreased by \$0.1 million as a result of impairment to the investment in associates.

### *Current assets*

Current assets decreased by \$10.5 million or 10.3% to \$91.3 million as at 30 June 2016 from \$101.8 million as at 30 June 2015. The decrease is due to the following (the amounts below do not add up due to rounding):

- Inventories decreased by \$1.4 million. The Group reduced its inventory levels mainly due to the disposal of one of its leasehold properties used to store inventories.
- Development properties reduced by \$1.9 million due to the impairment loss on its development properties relating to "The Bay" project in Cambodia and the sale of one of its units of the Urban Heritage development project in Singapore.
- Trade and other receivables declined by \$1.3 million. Turnover days for trade and other receivables remained stable at 104 days in FY2016 and FY2015.
- Cash and cash equivalents, including the effect of exchange rate fluctuations on cash held, decreased by \$5.9 million. Please refer to the "Cash Flows Review" section below for details.

### *Non-current liabilities*

Non-current liabilities decreased by \$10.2 million or 30.0% to \$23.8 million as at 30 June 2016 from \$34.0 million as at 30 June 2015. The decrease is due to the following:

- Non-current portion of loans and borrowings decreased by \$7.3 million. The non-current portion of the loans and borrowings redeemed following the disposal of the Group's leasehold property at 47 Tuas Avenue 9 amounted to \$8.7 million. The repayment of other borrowings reduced the non-current portion of loans and borrowings by a further \$1.1 million. These decreases were offset by a \$1.8 million drawdown of a construction loan for the Group's development property in Singapore and the reclassification of current portion of loans and borrowings as non-current amounting to \$0.7 million.
- Deferred tax liabilities decreased by \$2.9 million mainly due to the effects of the disposal of the Group's leasehold property at 47 Tuas Avenue 9, and amortisation and impairment of intangible assets.

### *Current liabilities*

Current liabilities decreased by \$10.7 million or 24.4% to \$32.0 million as at 30 June 2016 from \$42.7 million as at 30 June 2015. The decrease is due to the following:

- Current portion of loans and borrowings decreased by \$11.6 million. The current portion of the loans and borrowings redeemed following the disposal of the Group's leasehold property at 47 Tuas Avenue 9 amounted to \$1.7 million. The repayment of other loans and borrowings reduced the current portion of loans and borrowings by a further \$15.2 million. In addition, current portion of loans and borrowings of \$0.7 million was reclassified as non-current. These decreases were offset by a drawdown of short-term loans amounting to \$6.0 million.

The decrease is offset by the following:

- Current tax liabilities increased by \$0.4 million. The current tax liabilities mainly relate to companies in the Marine, Offshore Oil & Gas segment. Even though the segment showed a loss before tax, the companies in the segment remained profitable. The segment's loss

was due to the impairment charges to goodwill that negatively affected the segment's results at the Group reporting level, and not at the individual company level.

- Trade and other payables increased marginally by \$0.4 million.

#### *Shareholders' equity*

Shareholders' equity decreased by \$21.7 million or 25.9% to \$62.1 million as at 30 June 2016 from \$83.8 million as at 30 June 2015. The decrease is due to the following (the amounts below do not add up due to rounding):

- Total comprehensive loss for FY2016 amounting to \$23.8 million.
- Foreign currency translation gain of \$0.1 million.
- Deferred tax income credited directly to equity amounting to \$2.1 million.
- Acquisition of non-controlling interests without a change in control arising from the acquisition of the remaining shareholdings in ECG (Cambodia) Co., Ltd by the Group, resulting in a decrease of \$0.1 million.

#### **Cash Flows Review**

##### *Cash flows from operating activities*

Operating cash outflows before changes in working capital was \$2.7 million in FY2016. Net cash inflow from working capital was \$7.4 million due to the following:

- Cash inflows arising from a decrease in inventories of \$1.4 million
- Cash inflows arising from a decrease in development properties of \$2.1 million
- Cash inflows arising from a decrease in trade and other receivables of \$1.1 million
- Cash inflows arising from an increase in trade and other payables of \$2.8 million

After deducting income taxes paid of \$0.5 million, net cash generated from operating activities in FY2016 was \$4.2 million.

##### *Cash flows from investing activities*

Net cash from investing activities in FY2016 was \$10.6 million, comprising the following (the amounts below do not add up due to rounding):

- Cash used for the purchase of property, plant and equipment amounting to \$2.0 million.
- Proceeds from disposal of plant and equipment amounting to \$14.6 million.
- Payment of contingent consideration amounting to \$0.1 million.
- Payment of deferred consideration amounting to \$2.0 million in relation to the acquisition of ECG.

##### *Cash flows from financing activities*

Net cash used in financing activities in FY2016 was \$20.7 million, comprising the following (the amounts below do not add up due to rounding):

- Cash used in the acquisition of remaining 45% shareholding in ECG (Cambodia) Co., Ltd. amounting to \$0.1 million.
- Interest paid of \$1.6 million.
- Repayment of bank borrowings and finance lease liabilities totalling \$39.6 million.
- Proceeds from bank borrowings amounting to \$20.7 million.

As a result of the above, cash and cash equivalents decreased by \$5.9 million during FY2016. Cash and cash equivalents as at 30 June 2016 was \$8.1 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.**

#### **Marine, Offshore Oil & Gas segment**

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 compounded further by the continuing uncertainty in the global economy.

The Group's wholly-owned subsidiary in Europe has been experiencing growth in FY2015 and FY2016. Since breaking even in FY2015, the subsidiary is now contributing profits to the Marine, Offshore Oil & Gas segment. With the Group's acquisition of a freehold property in the Netherlands in April 2016, the Group plans to consolidate the Group's Rotterdam operations, which are currently carried out at two different locations, into a centralised location. This is expected to allow the Group to improve on its existing internal infrastructure and facilities, and to raise operating efficiency to better serve customers in the European markets. The purchase of the property is expected to be completed by 1 September 2016.

The Group is proactively taking measures to ensure that its Marine, Offshore Oil & Gas segment remains competitive and resilient. In addition to keeping costs under control, the Group will continue to closely monitor its exposure to credit risk and to maintain an optimal amount of inventory. The Group is also exploring new markets for its products and is reaching out to customers in new geographical areas and industries to identify new sources of income.

#### **Property Development segment**

In relation to the Property Development segment, the Group expects the property landscape in Singapore to remain subdued as it continues to be affected by the various cooling measures previously implemented by the Singapore government.

The Group's "The Bay" project in Cambodia is faced with unfavourable macro-economic outlook in the condominium sector in Phnom Penh. There is a heightened risk of oversupply of condominiums as condominium supply is expected to increase significantly through to 2018. When Management was conducting its deliberations, the Group has neither committed to any financial facilities nor awarded any construction contracts to the Group's original development plan. In the best interests of the Group's "The Bay" project, and having considered the market conditions in Phnom Penh and other factors, the Group and its joint venture partner have decided to put on hold the residential development phase of the project. The Group is currently working together with its joint venture partner in assessing the market changes and repositioning the development project.

**11. If a decision regarding dividend has been made:**

**(a) Whether an interim (final) ordinary dividend has been declared (recommended):**

No.

**(b)(i) Amount per share/rate%**

<b>Name of Dividend</b>	
Dividend type	Not applicable
Dividend amount per ordinary shares (cents)	Not applicable

**(b)(ii) Previous corresponding period/rate%**

<b>Name of Dividend</b>	
Dividend type	Not applicable
Dividend amount per ordinary shares (cents)	Not applicable

**(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net tax, state the tax rate and the country where the dividend is derived. (if the dividend is not taxable in the hands of shareholders, this must be stated).**

Not applicable.

**(d) The date the dividend is payable.**

Not applicable.

**(e) The date on which Registrable Transfer received by the company (up to 5.00pm) 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 financial year ended 30 June 2016.

**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.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

**14. 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>Business Segments Reporting 2016</b>	<b>Marine, Offshore Oil &amp; Gas \$</b>	<b>Property Development \$</b>	<b>Unallocated \$</b>	<b>Group \$</b>
External revenues	52,276,349	5,120,420	–	57,396,769
Interest revenue	5,803	1,235	–	7,038
Interest expense	(1,136,182)	(185,468)	–	(1,321,650)
Depreciation and amortisation	(1,925,046)	(269,797)	(43,027)	(2,237,870)
Reportable segment profit / (loss) before tax	18,320	(22,785,000)	–	(22,766,680)
Other unallocated expenses	–	–	(894,892)	(894,892)
Consolidated loss before tax from continuing operations				(23,661,572)
Reportable segment assets	59,465,184	57,841,346	564,954	117,871,484
Capital expenditure	430,580	1,572,303	4,850	2,007,733
Reportable segment liabilities	31,453,220	24,165,946	172,670	55,791,836
<b>Business Segments Reporting 2015</b>	<b>Marine, Offshore Oil &amp; Gas \$</b>	<b>Property Development \$</b>	<b>Unallocated \$</b>	<b>Group \$</b>
External revenues	55,620,664	6,036,432	–	61,657,096
Interest income	2,219	522	–	2,741
Interest expense	(813,763)	(4,953)	–	(818,716)
Depreciation and amortisation	(1,926,491)	(113,234)	(42,266)	(2,081,991)
Reportable segment profit / (loss) before tax	1,659,151	(8,513,786)	–	(6,854,635)
Share of loss of associates	(14,187)	(37,025)	–	(51,212)
Other unallocated expenses	–	–	(550,654)	(550,654)
Consolidated loss before tax from continuing operations				(7,456,501)
Reportable segment assets	79,732,130	80,173,305	424,437	160,329,872
Investments in associates	41,897	71,757	–	113,654
				160,443,526
Capital expenditure	692,844	4,497,604	190,964	5,381,412
Reportable segment liabilities	44,755,635	31,556,648	346,237	76,658,520

(a) The other unallocated items comprise distribution costs, administrative expenses, other operating expenses and other charges which are centralised and not segmented as these items are not directly attributable to the reportable segments.

(b) The unallocated assets and liabilities cannot be selectively segmented when they are being deployed and/or incurred, as these items are not directly attributable to the reportable segments.

	Group	
	2016	2015
	\$	\$
<b>Revenue</b>		
Singapore	37,777,061	42,529,952
Malaysia	2,279,154	3,133,921
Hong Kong	1,828,525	2,053,674
Germany	1,637,734	1,455,930
The Netherlands	1,448,900	1,613,596
Denmark	1,271,020	366,648
China	1,067,736	2,388,430
United Kingdom	1,038,893	1,066,805
United States of America	1,025,822	1,761,685
Philippines	1,016,462	148,146
Greece	1,004,967	432,034
Other countries <sup>(Note 1)</sup>	6,000,495	4,706,275
Total revenue	<u>57,396,769</u>	<u>61,657,096</u>
<b>Non-current asset</b> <sup>(Note 2)</sup>		
Singapore	26,194,278	57,665,698
Other countries	370,893	998,324
	<u>26,565,171</u>	<u>58,664,022</u>

**Note 1:**

Revenue derived from other countries consists of countries that each contribute to less than 2% of the Group's total revenue. These include Indonesia, Cyprus, Swaziland, France, Norway, Italy, and Turkey.

**Note 2:**

Non-current assets presented consist of property, plant and equipment, intangible assets and goodwill, and investment in associate companies.

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

Please refer to paragraph 8 above for further details.

16. A breakdown of sales as follows:

		Group		
		FY2016 \$'000	FY2015 \$'000	% Increase/ (Decrease)
First Half				
(a)	Revenue	27,134	29,908	(9.3)
(b)	Operating (loss) / profit after tax before deducting minority interest	(3,035)	252	n.m.
Second half				
(a)	Revenue	30,263	31,749	(4.7)
(b)	Operating loss after tax before deducting minority interest	(20,795)	(7,941)	161.9

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:

	Latest Full Year	Previous Full Year
Ordinary	nil	nil
Preference	nil	nil
Total	nil	nil

Please refer to paragraph 11 above for further details.

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Lim Siew Choo	62	Sister of Lim See Hoe (Executive Chairman, Chief Executive Officer and substantial shareholder) and Lim Siew Cheng (Executive Director, Chief Operating Officer and substantial shareholder)	General Administrative Director since 2004 and is responsible for the day-to-day operations, statutory matters, recruitment and staff welfare of the Group	Not applicable

<b>Name</b>	<b>Age</b>	<b>Family relationship with any director and/or substantial shareholder</b>	<b>Current position and duties, and the year the position was first held</b>	<b>Details of changes in duties and position held, if any, during the year</b>
Lim See Heng	60	Brother of Lim See Hoe (Executive Chairman, Chief Executive Officer and substantial shareholder) and Lim Siew Cheng (Executive Director, Chief Operating Officer and substantial shareholder)	Projects Director since 2000 and is responsible for project works, which normally involve open tendering of projects and complex tenders such as restricted, competitive or negotiated tendering	Not applicable
Soare Siew Lian	57	Sister of Lim See Hoe (Executive Chairman, Chief Executive Officer and substantial shareholder) and Lim Siew Cheng (Executive Director, Chief Operating Officer and substantial shareholder)	CEO of USA Operations since 2008 and is responsible for marketing and securing new customers in USA for the Group	Not applicable
Tan Wee Lee	37	Brother-in-law of Lim See Hoe (Executive Chairman, Chief Executive Officer and substantial shareholder)	Manager, Quality Assurance since 1 July 2011 and is responsible for products quality assurance at TEHO Ropes & Supplies Pte. Ltd.	Not applicable

Lim Siew Choo is presently a substantial shareholder of the Company.

**19. 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 all the required undertakings in the format set out in Appendix 7H under the Rule 720(1) of the Catalist Rules have been obtained from its Directors and Executive Officers.

**BY ORDER OF THE BOARD**

**Lim See Hoe**  
**Executive Chairman and Chief Executive Officer**  
**26 August 2016**